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FBIS-EEU-95-105 *1 June 1995*

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Havel, Walesa, Kovac on Relations, Minorities

AU3105154595 Budapest NEPSZAVA in Hungarian 31 May 95 p 9

[Report on interview with Czech President Vaclav Havel, Polish President Lech Walesa, and Slovak President Michal Kovac by Ferenc Kepecs in Keszthely, Hungary, on 28 May: "Kovac Said No to Autonomy"]

[FBIS Translated Text] On the last day of the meeting of Central European presidents in Keszthely, correspondents had the opportunity to interview the participants in an informal way. Our correspondent spoke with Vaclav Havel, Lech Walesa, and Michal Kovac. Our correspondent asked Vaclav Havel whether he regarded it as possible and necessary to withdraw the Benes decrees, given the fact that these decrees declared the Hungarians and Germans as guilty nations collectively.

In his answer, Vaclav Havel said the question was wrong. He pointed out that one who thinks the Benes decrees spoke about the collective guilt of the Hungarians and Germans simplifies the problem very much. These documents—a total of 130 such decrees—can be regarded as typical products of their times. They were in harmony with the decisions of the Potsdam conference and became part of the Czechoslovak legal system because the Prague parliament also adopted them. Of course, one can also examine these decrees critically, but only as historical documents.

We asked Lech Walesa his opinion on the appearance of Russian border guards on the Belarus side of the the Polish-Belarus border in the framework of the CIS cooperation. Walesa declared that he found nothing alarming in this phenomenon.

We asked Michal Kovac about the extent to which everyday people among the Slovak population support the basic treaty. Kovac reminded us that no survey had been carried out on this issue, and, therefore, there are no exact data. However, there is a general opinion according to which the bulk of the Slovak society has a positive stand in this matter, except for the supporters of the National Party. All of the other political forces have taken a stand in favor of the basic treaty in accordance with the expectations of their own program and of their supporters.

Asked about the extent of autonomy he would regard as acceptable for the ethnic Hungarians in Slovakia, Michal Kovac gave a rather firm answer: no level of autonomy. Limiting the question to territorial autonomy, Michal Kovac declared that no one from the Slovak population supports this Hungarian demand, including himself, and there is not a single leading Western statesman who thinks this could be the solution to the national minority issue. The self-governing bodies have rather large authority in Slovkia, and new laws are under preparation, laws that will withdraw further authority from the central government and transfer them to lower-level administrative competence. This situation provides adequate opportunity for the Hungarian national minority to find its place in the local government bodies without special rights.

Asked whether all of this also refers to the school issue, Kovac said that this is one among the areas where it is necessary to maintain a certain amount of central authority. The government cannot give up its right to interfere in matters of schooling and curricula.

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Commentary: Berisha 'Insistent on Meeting Clinton'

AU3105144595 Tirana KOHA JONE in Albanian 30 May 95 p 3

[Article by Emin Barci: "Berisha Seeks Clinton on the Threshold of the Elections"]

[FBIS Translated Text] Berisha, having failed in domestic politics, is now seeking to improve his image through meetings with world leaders. In particular, he persists in seeing salvation for himself and his country in the United States. The visit of James Baker, then secretary of state, was no doubt a factor in the election victory of the Democratic Party [PD] on 22 March 1992. With this under his belt and the slogan "We govern; the world helps us," Berisha marched through Albania and achieved the sensational victory that hoisted him to his dreamed-of post as president. However, for more than one year now the curve of U.S.-Albanian relations has been in decline. In place of Ambassador Ryerson, the U.S. Administration sent Lake, who, in contrast to his predecessor, has not been in evidence on rostrums and at rallies alongside Berisha and other PD leaders. The most senior envoy to visit Albania in this period has been Assistant Secretary of State Holbrooke, who came at the beginning of this year. As far as one recalls, he did not come to Albania to compliment Berisha and his regime over the victories achieved during the last three years but in order to restore the shattered peace in Albanian-Greek relations following our country's imprisonment of the five members of the Greek minority and the forcible deportation of Albanian refugees from Greece. One cannot deny the fact that, even then, Holbrooke came less to meet the forgotten Berisha than on account of the Greeks.

There are two reasons for this conclusion. The first lies in the Greek lobby's close ties to President Clinton and the second was the response of Albania, which was, as we know, to release the "five" three weeks after Holbrooke's departure. One now learns that our diplomats have for some time been busy organizing a meeting between Berisha and U.S. President Bill Clinton. So far, Berisha is the sole head of state from the east who has still not met Clinton. Such a thing has even struck the U.S. Senate. Last week, 26 senators addressed a request to Clinton, expressing a desire for their president to meet Berisha. This request from the U.S. senators comes precisely at a time when Eduard Selami, chairman of the parliament's Foreign Relations Commission, is visiting the United States. According to sources in the United States, Selami has also met, in Washington, U.S. Assistant Secretary of State Holbrooke and Chris Hill, in charge of the Balkans at the State Department, who was a U.S. embassy official in Albania for a long time. There is no doubt that one of the subjects of the talks between Selami and the U.S. officials has been whether or not to organize a Berisha-Clinton visit. Berisha is in a somewhat awkward position, having fallen into the hands of Selami, his most recent victim. However, why is Berisha so insistent on meeting Clinton?

It is normal for presidential candidates or newly elected heads of state to touch down at the White House. From this point of view, Berisha too should make such an attempt, because he more than any other Albanian is looking forward to the election campaign that could dethrone him. However, Berisha's face against the background of the U.S. flag has become a somewhat faded image for the Albanians. Only Berisha appeared in such a way. His promise that the United States would help our county has turned out in to be something relative and hard to grasp for the majority of Albanians. Tangible U.S. aid given to the Berisha administration is no more than $3 million a year. Meanwhile Berisha, Arbnori, Meksi and others marched alongside U.S. Ambassador Ryerson, who unwittingly became Berisha's alter ego. Why does Berisha therefore need a meeting with Clinton? Perhaps he wants to tell the Albanians in the electoral campaign that he has been welcomed at the doors of the democratic world, while his opponents have not. Nevertheless, the final person to decide whether Berisha will meet U.S. President Clinton is Clinton himself.

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Holan Wants More Authority for UNPROFOR

AU3105123295 Prague DENNI TELEGRAF in Czech 30 May 95 pp 1-2

[Article by Ferdinand Peroutka, Petr Stiegler, and Miroslav Melichar: "Defense Minister Vilem Holan Is Demanding More Authority for the UNPROFOR Troops"]

[FBIS Translated Excerpt] "It is inconceivable that the international community would not help to resolve the problems in the former Yugoslavia. Nonetheless, we think that it is correct for the UNPROFOR [UN Protection Force] troops' mandate to be amended so that it is possible to increase the UN's authority," said Defense Minister Vilem Holan to TELEGRAF yesterday.

He described the taking of hostages and their deployment as human shields as a "terrorist act." Of the 30 Czech officers operating as military observers, three are still being held—two in Pale and one in the community of Kasindo. According to a report from Major General R. Kotil, the commander of Sector South, they are being held under house arrest in Bosnia-Herzegovina, but are allowed food and rest. Holan said that the Defense Ministry is in contact with the families of the detainees and is working along with the Foreign Ministry on their release.

Michal Lobkowicz, the senior director of the foreign minister's office, told TELEGRAF that the Czech Republic condemns this act by the Serbs and considers it to be an act of international terrorism. He pointed out that this reaction was not entirely unexpected, because this is not the first time that Serb units have reacted to an attack in such a fashion. Lobkowicz also sees a change in the UNPROFOR units' mandate as the only way of preventing similar situations in the future. He added that, in no way, will he support the possible withdrawal of the Czech units.

The Czech Republic's deputy permanent representative in the United Nations and in the UN Security Council, Dusan Rovensky, told our paper yesterday that he and Ambassador Karel Kovanda are trying daily to resolve the situation of our hostages in Bosnia. "We are insisting that our detainees, and not only them, but all the others, are released as soon as possible," he said literally. According to him, the entire Security Council shares this point of view. [passage omitted]

Sporadic gunfire was heard yesterday in the area around some of our observation posts in the "separation zone." According to the Defense Ministry Press Service, this was not an exchange of fire by regular military units, but individual Croatian fighters and troops from the so-called republic of Serbian Krajina were shooting at each other.

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Survey Shows HZDS, Meciar Most Popular

AU2905091195 Bratislava SLOVENSKA REPUBLIKA (SLOVENSKO DO TOHO Supplement) in Slovak 25 May 95 p I

[Report by Stanislav Haber: "Vladimir Meciar and the HZDS Are Overwhelmingly in the Lead"]

[FBIS Translated Text] The Public Opinion Department within the Movement for a Democratic Slovakia [HZDS] Office has conducted a sociological survey called "The Slovak Government Through the Eyes of Citizens." The data was collected from 13 to 20 February 1995 by the Institute for Journalistic Studies' data-collection network. The survey sample was made up of 777 respondents (of the 800 intended, which represents 97.13 percent). The results are obtained with a sample error [vyberova chyba] that does not exceed plus or minus 3.5 percent.

The survey is representative for the adult population of Slovakia and takes into account demographic distinctions such as region, sex, age, education, and size of residence. The average grades given to the government by the voters of the individual parliamentary parties and by the various demographic categories of respondents are depicted in table No. 1. [The highest grade—like the scale used in schools—is 1, while the lowest is 5]

HZDS	2.12
Association of Workers of Slovakia	2.17
Slovak National Party	2.35
Common Choice	3.39
Democratic Union	3.72
Christian Democratic Movement	3.75
Hungarian Coalition	3.38

The results on trust in political personalities are comparable with those obtained in June 1994 by the HZDS Central Campaign Team's sociological survey as the same method and data-collection network were used. This comparison is depicted in table No. 2.

	Percent	
	Jun 94	Feb 95
V. Meciar	28.2	34.4
S. Kozlik	—	19.5
J. Moravcik	23.9	14.8
P. Weiss	22.1	11.3
I. Gasparovic	13.6	10.7
M. Kovac	18.4	9.5
J. Luptak	6.4	7.9
M. Dzurinda	—	7.8
J. Carnogursky	5.7	7.4
J. Slota	2.3	6.7
J. Ducky	—	5.2

It is apparent from the two tables that the HZDS ministers were given the best grades by the voters. With regard to trust in politicians, V. Meciar was in the lead

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overwhelmingly in February with 34.4 percent, while M. Kovac finished sixth with 9.5 percent.

Institute Reports Economic Progress in 1994

95CH0256E Bratislava TREND in English 15 Mar 95 p 27A

[Summary of article on Hydrostav privatization, edited by Caroline Smrstik]

[FBIS Transcribed Text] The Vienna Institute for International Economic Comparisons (Wiener Institut fur Internationale Wirtschaftstvergleiche—WIIW) issued a report on the economic situation in transforming countries during 1994, including prospects for development in 1995. The analysis of Slovakia's economy suggests the reasons why some non-Slovak experts predict the future development of the country more carefully than their Slovak colleagues.

It seems that the Slovak economy has overcome the major problems related to the economic reforms following the split from the Czech Republic in 1993.

Despite an unstable political situation, the GDP increased by 4.3 percent during the first three quarters of 1994 as compared to the same period of 1993. This increase was one of the highest among the reforming countries.

The private sector produced roughly 40 percent of the GDP, estimated the WIIW. According to the Slovak Statistics Office and the European Bank for Reconstruction and Development, it was over 50 percent.

Compared to the same period in 1994, total industrial production was 6.1 percent higher during the first three quarters of 1994. With an increase of 9.9 percent, industrial production by the private sector formed 53 percent of the total. Production by state-owned enterprises grew by 2.1 percent.

Despite the fact that total household income increased by 3.2 percent, private consumption went up only by 1.2 percent. Private savings in banks increased imperceptibly. Consumer prices in 1994 grew by 14 percent, which is higher than in 1993.

The second wave of privatization accelerated after the government of Vladimir Meciar fell in March 1994. Despite Meciar's perpetual criticism, the voucher privatization method became very popular among the citizens. The interim cabinet of Jozef Moravcik had scheduled the beginning of the second wave of voucher privatization for December 15. However, after winning the early election in September and creating his new cabinet in December, Meciar indefinitely postponed this as soon as he took office.

At present, the government is re-evaluating privatization projects that were approved by the interim cabinet. The total offer of property for voucher privatization is expected to be 50 billion Slovak korunas [Sk] ($1.5 billion), as opposed to the Sk63 billion ($1.9 billion) offered by Moravcik.

Fiscal policy in 1995 is burdened by the debt service totalling Sk36 billion ($1.1 billion), which equals 23 percent of the expected budget expenditures.

Despite the election campaign promises of Meciar's Movement for a Democratic Slovakia to subsidize industry and to enlarge the social network, Meciar's provisional state budget for the first quarter was more strict than the budget drafted by Moravcik.

Though Meciar announced changes in economic policies during the election campaign, the transformation has advanced too far to allow any fundamental turn. Meciar's maneuvering space is limited by Slovakia's need for capital from international institutions who impose specific conditions. Moreover, it would be politically dangerous to change economic policies in a time of relative economic growth.

The WIIW is expecting Slovak GDP growth in 1995 to slow down to an annual rate of 2 percent—mostly due to the increasing number of bankruptcies, hesitant privatization, possible complications in Slovakia's relations with the Czech Republic and the uncertain future of semi-finished exports (such as steel). Even though imports of investment goods, such as technologies and equipment, will probably grow faster than exports, Slovakia's trade balance might be saved by income from tourism and transit. According to WIIW, the inflation and unemployment rates may increase slightly, up to 15 and 16 percent respectively.

Labor Productivity Grew Faster Than Real Wages

The turn in the relation of the GDP, labor productivity and wage development in 1995 can be considered a positive side of Slovakia's economic development.

With growth of 4.7 percent, the annual labor productivity increased 6 percent on average. In industry, labor productivity per capita per hour increased faster than average wages by 4.6 percent. In construction, it was 3.1 percent and 1.3 percent in businesses with more than 25 employees.

These facts are reflected in lower inflationary pressures. While the 1993 annual rate of inflation reached 23.2 percent, the 1994 inflation rate was 13.4 percent.

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Increased Flow of Foreign Capital

The volume of foreign capital invested in Slovakia gradually increased in the course of 1994 to reach a total Sk16.5 billion ($551 million). The foreign investment growth of Sk5.7 billion ($178 million) in 1994 started with Sk0.7 billion during the first quarter, fell to Sk0.6 million during the second quarter, but rose to Sk1.6 billion and Sk2.8 billion during the third and fourth quarters, respectively.

Foreign investors preferred increasing the capital in already existing companies to establishing new enterprises.

Some Sk46.9 billion headed to the trading sector, car repairs and services. The processing industry attracted 39.6 percent of the investment and 8.8 percent went to the insurance and fiscal sector.

Most of the foreign investment in 1994 came from Germany (25 percent), followed by the Czech Republic (22.5 percent), United States (17.4 percent), Austria (13.4 percent) and Great Britain (7 percent).

Ahead of Austria, the Czech Republic, United States and France, it is Germany that tops the list of total foreign investment in Slovakia.

Despite its significant increase, the flow of foreign capital to Slovakia is still low compared to the other countries of the Visegrad four (Czech Republic, Poland and Hungary). It is also low with respect to the need of the country's economy.

Hydrostav Soon To Be In Private Hands

Those who want to bid in the privatization of Hydrostav, one of the largest construction companies in Slovakia, should hurry up: applications close March 31 in the public tender announced last December by the National Assets Fund (FNM).

Prospective buyers must send their privatization proposals to the headquarters of the French investment bank Banque Paribas in Paris. Banque Paribas was chosen to collect the bidding proposals and work out suggestions for the evaluating commission.

The commission is made up of seven members, representing the FNM; the ministries of economy, finance and privatization; and the Slovak Chamber of Commerce and Industry. The commission is supposed to recommend the winner to the FNM board by the end of April.

The FNM decided to sell 51 percent of Hydrostav, which means securities worth Sk501 million ($15 million). The remaining 40 percent of the company will remain in the FNM's temporary ownership, with 3 percent for the restitution fund.

According to the Ministry of Economy, Hydrostav represents one-tenth of the total turnover in the Slovak construction industry. In 1993, Hydrostav had a pre-tax profit of Sk110 million ($3.4 million) and a turnover of Sk3.41 billion ($106 million). The information for 1994 is not yet available, but estimates suggest 10 percent annual growth, with pre-tax profits of Sk130 million and a turnover of Sk3.82 billion.

Hydrostav's major projects have been the Danube dam near Gabcikovo, nuclear power plants in Mochovce and Jaslovske Bohunice, and water treatment plants near several large Slovak cities.

Hydrostav has been ready for privatization since April 1992, but the process was slowed down due to frequent changes in the Slovak government.

Statistical Research on Standards of Living

95CH0256A Bratislava TREND in English 10 May 95 p 27A

[Summary of article "Statistical Research of the Standard of Living of Slovak Citizens"]

[FBIS Transcribed Text] The Institute for Research of Public Opinion of the Slovak Statistical Office polled the opinions of the citizens about their living standards in January 1995. TREND selected sections from the final report concerning entrepreneurship and Slovakia's admission into the European Union. Part One of TREND's excerpts was published in TREND 18/1995.

According to the Slovak Statistical Office, on December 31, 1994, 95.5 percent of for-profit organizations were in the private sector while only 4.5 percent were in the public sector. This transformation, from emphasis on the public to emphasis on the private sector, is reflected in the opinions of Slovak citizens who were previously accustomed to the dominant position of the state-directed economy. One can suppose a close relationship between the development level of the private sector in various regions and the reaction of the citizens of those regions towards a market economy.

In Bratislava, for example, 97.3 percent of all existing organizations are in the private sector and 46 percent of the respondents are favorably inclined towards this type of economy. The highest population segment preferring public to private sector is in Eastern Slovakia.

The majority of respondents were inclined towards the development of a market economy, though research indicates that today's society is still influenced by the previous mechanism of a planned economy and the security connected with it. Evidently, those employed in

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the private sector are more satisfied with their standard of living.

How does the public perceive those who own private businesses? The majority considers the work of entrepreneurs demanding—88 percent responded "I definitely agree" or "I more or less agree" that those who are running private businesses "are dealing with more troubles and work than the others." In addition, 85 percent of those polled perceives higher job satisfaction and increased possibilities of improving one's standard of living as benefits of owning a private business.

Two-thirds of the respondents think that owning a private business certainly or probably causes envy or resentment from other people. Responses to questions concerning the positive and negative effects of owning a private business included the following: "it requires a lot of money," "there are different types among them, honest ones and also cheats," "to fear that somebody would rob me," "to fear for life," "be conceited," "have a lot of money, courage and contacts," "be one's own master," "neither legislative, nor political conditions are created," "they are people who had some kind of business under socialism," "sometimes it might cause loss of friends," "neglecting the family," etc.

The responses of a group of private business owners, which have less statistical value because there were only 66 respondents in this group, were interesting nonetheless. Their views differ dramatically from those of the average Slovaks and tend to emphasize the costs and rewards of owning a private business. A solid 91 percent private business owners "definitely agreed" that their professional activity brought more troubles than others have, while only 52 percent of the other respondents shared this opinion. These enterpreneurs more frequently cited the expansion of their possibility of self-realization and their increased application of their own abilities. However, they also more intensely feel the envy of the others—77 percent compared to 67 percent of the other respondents.

Analysis regarding the work activities of those polled indicates that more than half of the Slovak citizens is employed in state-owned enterprises and organizations, while two-fifths of the respondents are employed in the private sector.

One important aim of the research was to determine what percentage of the Slovak citizens have a second job to cover their living expenses. Of the 726 respondents who are "economically active," more than ten percent regularly supplement their primary income with a second job. Those with a university degree, 22 percent of those polled, tend to have a second job and are more than 100 percent more likely to have a side income than Slovak citizens with other educational backgrounds. Additionally, those living in cities are more likely to have a secondary source of income than those in smaller towns or villages. In cities with populations greater than 100,000, 23 percent of the inhabitants report earning side incomes, while only 8 percent of the inhabitants of towns with a population of 2,000 to 10,000 supplement their incomes. Finally, it is more common for those employed in the public sector than in the private sector to hold a second job—55 percent of those employed in the public sector regularly earn a second income compared to only 45 percent of those employed in the private sector.

What expectations does the Slovak public have about prospective integration of the Slovak Republic in European Union? The respondents could select from twelve positive and negative possible effects of this process. Eight percent of the respondents claimed that entrance in EU would not have any effect on the Slovak Republic, 15 percent were not able to judge the question. Positive and negative expectations are almost balanced, optimistic views prevail slightly, by 9 percent.

Improvement of the state's economical situation as a consequence of the prospective integration process is expected to a greater extent by the respondents from the age group 25-29 (35 percent), the least by the respondents from the oldest age group over 60 years (20 percent). Citizens of Hungarian nationality (35 percent) were more optimistic than Slovaks (26 percent) about this issue. Positive expectations of the development of the Slovak economy increase with higher level of education (citizens with basic education—24 percent, with university education—36 percent). The mentioned positive expectations were expressed by 34 percent of private business owners, 33 percent of employed, but only 24 percent of workers, 23 percent of unemployed and 19 percent of retired people.

Young people, in the age group of 18-24, are the most optimitic about opportunities to work abroad (37 percent). Fourteen percent of the respondents older than 60 responded the same. The mentioned positive expectations were claimed by 32 percent of private business owners, 31 percent of unemployed, 28 percent of workers and just 13 percent of retired people.

The possibilities of the development of tourism was especially stressed by private business owners (32 percent) and the respondents with a high school education (27 percent).

An overall improvement in the standard of living due to prospective integration of the Slovak Republic in EU is expected by 23 percent of the respondents from the age group 25-29 as compared to only 12 percent

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of the respondents older than 60 and 25 percent of the respondents with a university education compared to 16 percent with basic education see the benefits of integration.

Increased incomes after prospective acceptance of the Slovak Republic in EU are assumed by 15 percent of the respondents of Hungarian nationality as compared to 9 percent of Slovaks.

The male part of the population (31 percent) more than their female counterparts (25 percent) view increased foreign competition as a result of prospective integration of the Slovak Republic into the EU as a threat endangering the domestic production. Age differences do not influence significantly the frequency of this answer, but the level of education has a direct influence: 23 percent respondents with basic education and 35 percent with university education expressed this fear. The possible threat to the domestic production by the foreign competition is expressed especially by private business owners (35 percent), employees (31 percent), workers (29 percent), pensioners (23 percent) and unemployed (22 percent). The strongest concerns occur in Bratislava (32 percent), in Western Slovakia (31 percent), in Eastern Slovakia (29 percent), less in the region of Central Slovakia (22 percent).

The opinion about the threat of penetration of international crime to Slovakia was viewed similarly by different social-demographic groups of the respondents. Different from the average was the answer of private business owners (15 percent) which was underevaluating and on the other hand the answer of the retired people (26 percent). From the regional point of view the biggest optimists about this issue are the citizens of Central Slovakia (16 percent) cited this threat), the Bratislava citizens are more pessimistic (26 percent).

Especially people with university education (27 percent), private business owners (20 percent), citizens from the biggest cities (20 percent), mainly from Bratislava (24 percent), expect limited independence in making decisions about interior issues of the state as one of the possible effects of prospective integration of the Slovak Republic in EU. People with university education (19 percent) and people from Bratislava (19 percent) expect a partial limitation of the state's sovereignty after this act.

Decline of agriculture as a prospective result of Slovakia's integration in EU was claimed especially by citizens from Bratislava (17 percent).

The progress of the feeling of security towards the future based on relevant political and economic events did not mark big swings during the last five years except from the starting point shortly after November 1989 when a total of 48 percent of the respondents had the strongest feeling of security towards the future. The beginning euphoria of public declined after approximately one year and after the first free election, but gradually—from February 1993—it stabilized at 20 percent. From the original 46 percent of the respondents who in March 1990 claimed that they either "do not have at all" or "more have than have not" the feeling of security towards the future, this figure increased considerably to 76-78 percent. At present, a total of 74 percent of the respondents had a similar view, and the number of those who were not able to express their opinion increased by 4 percent.

Cash Payment Limits Damaging to Small Business

95CH0256F Bratislava TREND in English 8 Mar 95 p 27A

[Summary of article "Law Being Prepared by Ministry of Finance" by Veronika Polackova]

[FBIS Transcribed Text] Disregardi[illegible]at businesses prefer the security of cash settlemen[illegible] the time that service is provided, the Finance Ministry plans to limit cash payments by installing an upper limit of 10,000 Slovak korunas [Sk] ($312). The Ministry believes that the remainder could be settled through an invoicing system.

Michal Borodovcak, director of the tax and custom division, said that the ministry will try to push through the legislation because cash settlements among businesses are not in the ministry's best interest. "I see no reason why wholesale warehouses should sell for cash," he said.

Borodovcak expects the law to take effect in July at the latest if it gets government and parliament approval.

If the ministry manages to establish such legislation, entrepreneurs fear it will considerably complicate their lives.

"Such a limitation would have a very negative impact on our business," said Sona Jariabkova of Zdroj in Senica.

She explained that businessmen who sell through an invoice to someone without a credit history might receive the payment very late or never.

She said that in the latter case, the businesses are likely never to see their money despite a court decision ordering the debtor to pay. There are no legal tools to actually make the debtor pay.

"The court decision is no good at all. You can only hang it on the notice board," Jariabkova said, referring to her own experience.

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According to a businessman who did not want to have his name published, the ability to trade in Slovakia currently requires having 90 percent of the finances in cash.

He believes that businessmen will find a way around the legislation if it takes effect. For example, they will pay three times Sk10,000 instead of Sk30,000 at once.

Other entrepreneurs point out that the banks take from two to more than seven days to transfer the money from the payer's to the seller's account. While having their finances blocked by the banks, businesses suffer short-term or long-term insolvency.

Entrepreneurs point out that insolvency will also occur due to bad debts as a result of the banned cash settlement.

If the ministry's legislation is approved, businessmen will still be required to pay their custom fees in cash, though they will be unable to receive cash immediately for their merchandise or services.

Slovak custom offices currently require importers to pay their custom duties in cash; wire transfers are seldom allowed. Michal Borodovcak from the finance ministry stressed that the law he envisions will keep this unchanged.

"There are certain reasons why custom fees have to be paid when merchandise crosses the border," Borodovcak explained. "Postponement of payments would only increase customs debts."

Luptak Denounces Privatization as Fraud

95CH0256G Bratislava TREND in English 8 Mar 95 p 27A

[Quotation by parliamentary leader Jan Luptak]

[FBIS Transcribed Text] "...Privatization has brought nothing good for the people in this country and serves only for speculation and fraud. That troubles me."

—Jan Luptak, chairman of the Association of Slovak Workers and a deputy chairman of Parliament

Polls Show Attitudes Toward Hungarian Minority

95CH0246A Bratislava SME (Forum supplement) in Slovak 27 Apr 95 p 2

[Article by Zora Butorova and Martin Butora: "Improving Ethnic Relationships Is Always More Difficult Than Making Them Worse"]

[FBIS Translated Text] *Will they resort to civil disobedience? The Hungarians do not want to have bilingual schools. Will they make an attempt at autonomy? We are not opposed to adopting the Slovak language, but we oppose the dismantling of Hungarian schools! These are some of the headlines reporting on the recent gathering of Hungarian teachers, parents, cultural workers, intellectuals, and politicians, which was recently held at Komarno in protest against the hopeless financial situation confronting Hungarian cultural institutions. "We shall not become nervous over 6,000 [Slovak korunas]; it is more emotional than rational," was the comment made by Vladimir Meciar regarding the meeting.*

"The young Slovakia does not need compulsory Slovaks, nor does it need new and unnecessary conflicts with its citizens who think differently and speak in a different language. Consequently, the problem of bilingual school instruction is better approached with extraordinary contemplation and maximum sensitivity," writes F. Buda in a commentary in PRAVDA. "We have no more concessions to make to the Hungarians; the optimum has been exhausted," contends Jan Slota, the chairman of the SNS [Slovak National Party]. Two circumstances, among other things, contributed to the abovementioned perception on part of the Slovak press. First, the Komarno gathering concentrated primarily on substantive problems in the area of culture and education. Second, some institutions of the present government power, against whom the participants of the meeting raised their objections, have, for a considerable period of time now, been the object of critical evaluation by the Slovak media as well as by the Slovak opposition parties. And how does the public view the "Hungarian problem" and Slovak-Hungarian relationships? In terms of perceiving the actual problems, Slovaks and Hungarians are virtually in agreement.

In the text that follows, we shall start with the findings of the detailed representative public opinion poll which was conducted in November/December 1994 by the FOCUS agency (the sample was made up of 1,374 adult citizens of Slovakia).

The key finding is the fact that Hungarian respondents did not differ from Slovak respondents even in terms of their opinions of the pre-November and post-November regime, or in terms of their economic orientation. Even the hierarchy of the most pressing social problems is similar in the consciousness of Slovaks and Hungarians. This fact was confirmed by previous public opinion polls conducted in March and October 1993 and in May 1994.

The first seven places in the hierarchy of problem gravity, being considered by citizens of both nationalities, are occupied by problems of the standard of living, health care, unemployment, criminality, education, the firmness of the Slovak koruna, social security, and old-age pensions.

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We find differences in opinions involving ethnic questions. Respondents of Hungarian nationality ranked the problem of mutual coexistence in eighth place, whereas Slovak respondents ranked this problem in 16th place.

Membership in a minority nationality increases the sensitivity to questions of democracy among Hungarian respondents. They more frequently espouse the principles of democratic political culture: they give priority to the method of patient political negotiation over the principle of a strong hand; they place more stress on the importance of plurality opinion and adherence to the rules of democracy. Their very standing tends to preordain them to more expressly reject decisions made by the majority at the expense of preserving the rights of minorities. Hungarians living in Slovakia also more specifically support a pro-Western orientation of Slovakia, as well as cooperation as outlined by the Visegrad Accord.

Journalists noted that this year's Komarno gathering was attended not only by Hungarians (contributions were made in the Hungarian language, journalists and guests had translations into Slovak and English available), but also by representatives of the Teachers Forum of Slovakia, representatives of the Slovak Helsinki Committee, members of the Helsinki Civic Gathering, and members of the Human Movement. Although representatives of political opposition parties in Slovakia were not present, the meeting had not been organized by the political leaders of the Hungarian Coalition, but rather by the Union of Hungarian Teachers and by Csemadok. One way or another, the poll indicates that the Slovak and the Hungarian communities in Slovakia are not two separate civilizations: On more than a few points, their views are identical or at least related to one another.

The notions on minority policy do differ.

"It is important for us to be capable of the symbolic act of reconciliation such as the one performed in the name of the Germans and French by Adenauer and De Gaulle." (V. Meciar)

"Thanks to five years of massaging public opinion with historic prejudices, Slovak society is not prepared for historical reconciliation. In the subconscious, there is an awareness of Hungarian danger.... Meciar has not yet resorted to the most serious prerequisite for reconciliation—to coming to terms with the minority within the state." (R. Chmel)

As has repeatedly been shown by public opinion polls conducted in the fall of 1990, the mutual attitudes of members of the Slovak majority and the Hungarian minority, as well as the opinions regarding the standing of the Hungarian minority, are not exactly the most favorable, but are stabilized to a considerable extent.

Some 42 percent of the citizens of Slovak nationality harbor the suspicion that "the hidden goal of the majority of members of the Hungarian minority is to change the borders and to annex the southern regions of Slovakia to Hungary." A minority of only 29 percent of Slovaks is represented by a group which is espousing the opposite view—that the "predominant majority of members of the Hungarian minority tend to reject a change in the borders and the annexation of southern regions of Slovakia to Hungary." The remaining 30 percent cannot tell which of these opposing views they favor.

Members of the Hungarian minority renounce this suspicion: According to 80 percent of them, Hungarians living in Slovakia are not striving to have the border changed. Only 5 percent espouse the opposite irredentist view. Some 15 percent declare for the undecided middle-of-the-road position.

The Slovak and Hungarian communities also go their separate ways in regard to the overall evaluation of the standing and rights of the Hungarian minority in Slovakia. While 63 percent of Slovaks consider this standing to be favorable and 30 percent even consider it to be above standard, Hungarians are substantially more critical: Their views are broken down into two equal halves: 49 percent consider the standing and rights of the Hungarian minority to be generally favorable and 47 percent consider these aspects as being limited.

But it must be stressed that since May 1994, the number of Hungarians living in Slovakia who consider that the rights and opportunities available to their minority are favorable has increased. Let us recall that six months ago 43 percent of respondents of Hungarian nationality considered that their standing and opportunities available to the Hungarian minority were favorable and 57 percent of these respondents felt that they were limited; today, both extremes have been balanced. The same is true of the distribution of views in the spring of 1993. We anticipate that this is a positive reaction to the adoption of two minority laws during the Moravcik government—a law on names and surnames and the so-called name shield law on bilingual designation of towns and communities.

In contrast to members of the Hungarian minority, citizens of Slovak nationality remained considerably stand-offish regarding these laws even after they were adopted. Thus, for example, only 13 percent agree with the law on the bilingual designation of mixed regions and 26 percent of Slovaks were in partial agreement. On the other hand, agreement among members of the Hungarian minority predominates with regard to this law (84 percent or 9 percent).

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The opinions held by the majority Slovak population with regard to minority rights are quite inconsistent. The generally formulated requirement that in a democracy it is necessary to consistently respect the rights of the minority is favored by 46 percent; the opposite view, that in a democracy the majority has the right to make decisions even at the expense of the minority, is defended by 30 percent.

The abstractly expressed willingness to respect the minority rights, however, still does not guarantee a tolerant attitude in a specific situation. This is attested to, for example, by the finding that of the Slovak respondents who declared their respect for the rights of the minority, 43 percent did not agree with the law on bilingual place name designations.

For obvious reasons, we do not encounter such contradictions among members of the Hungarian minority: 84 percent express their conviction that in a democracy it is necessary to consistently respect even the rights of the minority, with 91 percent of them voicing their agreement with the law on bilingual place name designations.

How should the Slovak Government approach the Hungarian minority problem according to respondents of both Slovak and Hungarian nationality?

As the FOCUS opinion polls have repeatedly found, the majority of the respondents of Slovak and Hungarian nationality espouse the view that the Slovak Government should resolve the problems involving the Hungarian minority through patient negotiation. But preference for patient negotiation need not signify a willingness to seek compromise solutions which are acceptable for both the majority and the minority. This fact is indirectly indicated by the finding that 87 percent of respondents agree with the statement that "nationality and other minorities should subordinate themselves to the interests and requirements of the majority" and 19 percent of respondents of Slovak nationality disagreed with the statement; among members of the Hungarian minority, the distribution of views represents the mirror image of the above: 84 percent disagree and 14 percent agree.

The differing notions entertained by the Slovak and Hungarian communities regarding government minority policies are documented by the table below. Only 35 percent of the respondents of Slovak nationality assign priority to the search for a mutually acceptable agreement, whereas 51 percent favor a more radical assertion of the interests of the Slovak nation. Among respondents of Hungarian nationality, there is a high degree of agreement (91 percent) in support of the first of the above goals.

There are also specific differences regarding the notion of Hungarian minority participation in the highest political decisionmaking process. Among members of the Hungarian minority, such an approach predominates (68 percent). On the other hand, among the respondents of Slovak nationality, only 20 percent favor participation by the Hungarian minority in the highest political decisionmaking process.

Views Among Slovaks and Hungarians Regarding Minority Policy

A. The Slovak Government, together with representatives of the Hungarian minority, should patiently search for a mutually acceptable agreement on the standing of the Hungarian minority.

B. The Slovak Government should more radically assert the interests of the Slovak nation in its negotiations with representatives of the Hungarian minority.

C. Undecided, do not know.

Nationality	A	B	C
Slovaks	35	51	14
Hungarians	91	6	3

A. Political stability in Slovakia would increase in the long term if the Hungarian minority was represented in the Government of the Slovak Republic.

B. Political stability in Slovakia would decline if the Hungarian minority was represented in the Government of the Slovak Republic.

C. Undecided, do not know.

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Nationality	A	B	C
Slovaks	20	40	40
Hungarians	68	4	28

A considerable portion of the Hungarian minority again became convinced, after the Komarno meeting, that the policies of the current Slovak Government are not forthcoming with respect to the Hungarian minority. "Minister Hudec told my colleague that, after all, there is Hungary and you should ask the Hungarians for money," the well-known writer Lajos Grendel commented on the situation. "I consider this to be the pinnacle of cynicism, the likes of which has not been seen in Slovakia since the fall of communism." On the other hand, some among the readers of the Slovak press who noted that, after the end of the official part of the Komarno gathering, even the Hungarian national anthem was "unofficially" sung; they are likely to become hardened with respect to their hidden fears.

It is not impossible for the mutual attitudes of the citizens of Slovak and Hungarian nationality to remain stabilized in the future. But it is certainly true that it is more difficult and more demanding to change these attitudes for the better than it is to make them worse.

Heritage Foundation Exhibits Tiso's Portrait

95CH0245A Bratislava MOSTY in Slovak 25 Apr 95 p 8

[Article by Luba Lenska: "Altoetting in Bratislava"]

[FBIS Translated Text] When the Slovak Heritage Foundation [Matica Slovenska] recently arranged a seminar for its young supporters with a motto which it chose from the sayings of Alexander Mach, minister of interior in the first Slovak state and initiator of the deportations of the Slovak Jewish population to concentration camps, it could appear, with both eyes shut, to be an unintentional mistake. On 16 March 1995 the Slovak Heritage Foundation provided a different explanation to the public at large—the Regional Museum of the Slovak Heritage Foundation opened the exhibition "Altoetting—Place of Pilgrimage for Slovaks Abroad." The exhibition also includes seminars.

It is about remembering the Altoetting sojourn of the first Slovak president, Jozef Tiso, who after the war stayed for a time—until his arrest—in the Altoetting monastery. The exhibition (in two rooms) includes approximately 27 portraits of Tiso, the 28th being a color enlargement placed immediately at the beginning of the exhibit. In the displayed documents Tiso is called the greatest, most beloved son, priest, leader, or father of the Slovak nation, and also a martyr. (It is worth pointing out that this impassioned, pious tone does not extend to everyone who is mentioned in the exhibition; for example, on one of the panels the first postwar Czechoslovak president, Eduard Benes, is referred to as the "archenemy of the Slovak nation.")

The opening of the exhibition was attended by the Minister of Education Eva Slavkovska and a representative of the Catholic church Bishop Dominik Hrusovsky. To these facts we can add the statement of the chairman of the political grouping which is part of the present ruling coalition, and from which comes also Minister Slavkovska, that is, the chairman of the Slovak National Party [SNS], Jan Slota, who remembers with deep gratitude the men of 1939, the politicians of the first Slovak state. The same Jan Slota not so long ago boasted in accord with the men of 1939 that all SNS supporters are bound together by one thing—they have pure Slovak blood.

But let us go back to the "leader" of the men of 1939. He is the author of these words spoken in Holic on 16 August 1942 (quoted from the book by Ivan Kamenec entitled *Po stopach tragedie (Tracking a Tragedy)*: "I am asking," cries Jozef Tiso in Holic, "is it Christian when a nation wants to get rid of its ancient enemy... there is no need of convincing anyone that a Slovak's life was being threatened by the Jewish element. Things would have been even worse if we had not purged ourselves of them (the Jews). And we did it according to God's command: 'Slovak, get rid of your malefactor.'" And when in April 1943, as Kamenec asserts, the Vatican wanted to use its influence against the deportations, and its diplomatic representative in Bratislava, Burzio, emphatically asked the "men of 1939" to oppose the renewing of the Jewish transportations, he failed. According to Burzio's report which he submitted to the Vatican, there were two madmen in Slovakia—one who did evil, that is, V. Tuka, and one who let evil be done—Jozef Tiso.

The madman, to use Burzio's characterization, who let evil be done in Slovakia, was now, in Bratislava in 1995, the year designated by the United Nations as the year of tolerance and fight against racism and xenophobia, the subject of a panegyric exhibition, arranged—if we go by the announced program of Meciar's government—by the most important cultural organization in Slovakia, the Slovak Heritage Foundation.

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By signing the basic treaty between the Hungarian Republic and Slovakia, the Slovak Government subscribed to the European integration process. By not distancing itself from activities such as the exhibition celebrating Jozef Tiso, the same Slovak Government is sending abroad, and not just abroad, of course, a clear signal, that at the very least, it holds the most prominent representatives of Slovak fascism in high regard, and therefore, that it may well be capable of similar autocratic, totalitarian behavior.

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Ministers Condemn Hostage-Taking in Bosnia

LD3105212595 Budapest Kossuth Radio Network in Hungarian 1600 GMT 31 May 95

[Article by Istvan Kulcsar on meeting in Budapest of the Visegrad Group's defense ministers]

[FBIS Translated Excerpt] The Hungarian, Polish, Slovak, and Czech [Visegrad group] defense ministers condemn the hostage-taking in Bosnia and demand the release of the UN soldiers and an end to the fighting. They agreed that several ministerial meetings will take place in the future.

They also agreed that they must prepare together for admission to NATO, which can take place simultaneously or individually. [passage omitted]

Answering a question, Hungarian Defense Minister Gyoergy Keleti said he hopes he will meet his Russian counterpart soon to discuss issues regarding Hungary's NATO entry, instead of exchanging messages in the press.

Kovacs for Russian Rapprochement With NATO

LD3105221895 Budapest Kossuth Radio Network in Hungarian 2000 GMT 31 May 95

[FBIS Translated Text] Our correspondent asked Foreign Minister Laszlo Kovacs, who is attending the North Atlantic Cooperation Council session, what Hungary thinks of the fact that Russia has also joined the Partnership for Peace project.

[Begin Kovacs recording] We are glad, because we are convinced that Russia, as Brussels has clearly indicated, cannot prevent the expansion of NATO. And it is rightly so. However, it is also obvious that a NATO expansion amid very firm Russian opposition would not be good. Neither NATO nor those joining it or Russia could benefit from such a situation, and it would obviously not strengthen but, rather, threaten the region's stability. [end recording]

In the Netherlands, Laszlo Kovacs also held talks with Romanian Foreign Minister Teodor Melescanu. Evaluating the talks with his Romanian counterpart at The Hague, the Hungarian foreign minister said they achieved significant progress in hitherto debated issues of the basic treaty. This time the Romanian claim that Council of Europe Recommendation 1201 on minorities should not be applied was not even raised. The only question yet to be decided is how to incorporate it into the treaty, Laszlo Kovacs said.

HDUR's Bela Marko Receives 'Letter Bomb'

LD3105223895 Budapest Duna TV in Hungarian 1900 GMT 31 May 95

[FBIS Translated Text] A letter bomb parcel arrived today at the Bucharest headquarters of the Hungarian Democratic Union of Romania [HDUR; in Romanian UDMR] addressed to Chairman Bela Marko. The parcel, which was posted from Graz, contained a book on Moliere. The anonymous sender had cut out all of pages from the chapter entitled "The End of the Career" to the end.

[Begom recording of Tibor Bogdan, identified by caption] In place of the missing pages, red, yellow, and blue wires—the colors of the Romanian flag—were meandering with an ink drawing of an explosion and a bomb caption above them. At the request of Bela Marko, who opened the envelope, his colleagues in the building called the police and the Romanian intelligence service. Its director sent experts to the scene. They fired into the envelope from a safe place.

The envelope did not explode; that is, it did not contain an explosive device. Therefore, the Romanian intelligence experts called the incident a bad joke, although they did not deny that the sender did a professional job. Bela Marko, however, who gave an interview to Dunatv right away, said it was unmistakably a threat. [end recording]

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Ganic Welcomes Owen Resignation Announcement

AU3105155195 Paris AFP in English 1526 GMT 31 May 95

[FBIS Transcribed Excerpt] Paris, May 31 (AFP)—France has invited defense ministers from European Union countries and NATO states that supply troops to UN forces in ex-Yugoslavia to a meeting here Saturday, Prime Minister Alain Juppe said Wednesday.

The ministers, invited by French Defense Minister Charles Millon, will study ways to reinforce the UN Protection Force (UNPROFOR) in Bosnia-Hercegovina, Juppe said in the French National Assembly.

The French premier also said Lord Owen, the European Union's co-chairman of the international conference on Yugoslavia since 1992, would resign by the end of June.

"Lord Owen has told the president of the French Republic (Jacques Chirac), the current president of the European Union, that he plans to resign by the end of June," said Juppe.

"France would like a new mediator mandated by the international community to be appointed very quickly," Juppe said.

In Sarajevo, Bosnian Vice President Ejup Ganic welcomed the announcement of Owen's upcoming resignation.

"I am not surprised," Ganic told AFP.

"Lord Owen always insisted on talks with (Bosnian Serb rebel leader Radovan) Karadzic, neglecting the fact that Karadzic was exercising international terrorism."

"Now, since the whole world is convinced (of that), and that he (Karadzic) is acting against the international community by taking the UN as hostage and committing massacres in Tuzla, Lord Owen had no choice. His strategy was wrong."

Ganic criticized Owen for having inconsistent moral principles, adding that his resignation was "a matter of moral principle." [passage omitted]

SDA Proposes Envoy as Ljubijankic Successor

AU3105113795 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1000 GMT 31 May 95

[FBIS Translated Text] The session of the Party of Democratic Action [SDA] Steering Committee, which ended late last night, discussed the appointment of a foreign minister in the Republic and Federation of Bosnia-Herzegovina. The position has remained vacant following the tragic death of Irfan Ljubijankic.

It was agreed that the SDA would propose Muhamed Sacirbegovic, the current Bosnia-Herzegovina envoy to our permanent mission in the United Nations. The proposal shall be submitted to the appropriate bodies authorized to make such decisions.

Gorazde Units Seize Biserna, Pargane Checkpoints

AU3105164495

[FBIS Editorial Report] Banja Luka Srpska Televizija in Serbo-Croatian at 1830 GMT on 29 May carries within its regular 40-minute newscast several reports on the fighting in the country.

Reporting on the situation on the Ozren-Vozuca front, correspondent Jelica Lazic says that "Muslim units were attacking Vozuca and Ozren villages all day. This morning they launched two heavy infantry attacks with artillery support with the aim of breaking through the Serb defense lines on the eastern part of the Ozren front, but they were not successful. At the same time, heavy artillery fire was used against the villages of Milino Selo and Petrovo, on the left bank of the Spreca River, but fortunately there were no civilian casualties. Serb defense positions in the (?Pocjelovo) area, on the southwestern part of Ozren, were also attacked, while from Maglaj the enemy fired several mortar, artillery, and howitzer shells on the villages of Brusnica and Jablanica, but there were no casualties. Many artillery shells were also fired toward the villages in the Vozuca area and the positions in the (?Jugovac) area on the eastern part of the front. The fighting continues, and the Serb soldiers are successfully resisting the Muslim attacks from Zavidovici, Banovici, and Lukavac."

The studio announcer then reads a report prepared by Stevka Vujinovic on the situation in the Gorazde area. She says that "the Information Service of the Headquarters of the Serb Republic Army reports that the Muslim units from the allegedly demilitarized area of Gorazde attacked UNPROFOR (UN Protection Force) checkpoints and managed to seize Biserna and Pargane. From these positions, both Muslims and UNPROFOR members have been opening fire on the Serb positions."

Drago Todorovic reports from the Gorazde front, saying that "the well-informed Serb military sources reported that Blue Helmets yesterday left the checkpoints that Izetbegovic's forces had seized immediately. UN forces have therefore taken the enemy side. In an accident caused by negligence on the part of the Blue Helmets, several UN and Serb soldiers were wounded." He adds that "the 81st Gorazde brigade started a heavy infantry-artillery attack at around noon (1000 GMT), sending over 100 mortar and howitzer shells toward the Serb positions from Mala Biserna in Gorazde, where there

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was an UNPROFOR checkpoint until yesterday. Serb military sources reported heavy shelling and heavy machine gun fire coming from the Muslim strongholds of (?Bakije), (?Babe), (name indistinct), and (?Mravice), on the left bank of the Drina River. Serb soldiers promptly responded; the lines remained unchanged, but several Serb soldiers were wounded."

Reporting from the Herzegovina front, (?Ljiljana Uzarevic) says there was heavy fighting throughout the day in the Konjic area. She says that "Muslims launched infantry attacks with strong artillery support in the areas of Bijela-Kiser, Velika Ostra-Dolovi, and (?Dzajici)-(name indistinct). Serb soldiers responded, inflicting great losses in manpower on the enemy." She adds that "Muslims were observed regrouping, which indicates that more fighting can be expected in the following days." On the Mostar-Nevesinje front "members of the so-called Bosnia-Herzegovina Army attacked in the (?Rozac-Pluzine-Njive) area, north of Mostar. The fighting continues as we speak, and the Serb positions are firm."

Pero Drljaca reports from the Bihac-Krupa front. He says that "special units of the 2d Krajina Corps of the Army of the Serb Republic retrieved about 5-6 kilometers of territory. There are about 15 killed, and some weapons were seized."

Correspondent Slavisa Sabljic, reporting from the Grahovo-Glamoc front, says that "the joint units of the Republic of Croatia and Herzeg-Bosnia continued to launch artillery attacks against the Serb positions, particularly from Mala Golija and Koricina. Moreover, on the Glamoc front, they carried out engineer and reconnaissance activities." He continues to say that "above Glamoc several NATO reconnaissance overflights were registered—the planes flew below an altitude of 1,500 meters, trying to find Serb artillery positions" while on the Grahovo front, "the Croatian Army was regrouping, and only about 30 shells were sent from their strongholds in the occupied Serb villages in Livanjsko Polje and on the slopes of Mount Dinara towards the positions of the members of the 2d Krajina Corps of the Serb Republic Army, but there were no casualties."

The studio announcer then says that "following last night's heavy Muslim artillery attack on the center of Doboj, Muslims occasionally opened fire along the separation line. Serb positions on the Trebava and Teslic front were also exposed to Muslim attacks, while on the Vlasic front, enemy forces opened infantry fire along the entire separation line, the heaviest coming from the Snjeznica area."

She adds that "Croat Defense Council units used artillery fire to attack the Serb defense positions on the Posavina front. All the attacks were successfully repelled."

Moreover, she says that there were frequent NATO overflights on the Majevica front. She says that "at 1245 (1045 GMT) today, a Turkish (?Phantom), part of the NATO forces, broke the sound barrier above the Serb defense positions near the Stolice relay station."

Vlado Trisic reports from Tuzla, saying that "Serb military sources say that although there were no NATO air strikes just NATO overflights, there is reason to believe attacks are possible." He adds that yesterday and today, "Muslims launched an artillery attack on Lopare, (name indistinct), Priboj, and other Majevica villages early in the morning. About 20 civilians were heavily wounded, including three children, and the material damage in Lopare, Priboj, Peljare, Labudska, and Brijest is immense."

Reporting from the Sarajevo front, Ljiljana Dabarcic says that "there was sniper fire, and in the afternoon, particularly during the NATO overflights, Muslims opened fire from all weapons available on the defense lines, as well as civilian targets in Serb Sarajevo. The appropriate measures have been taken." She also says that "snipers and antiaircraft fire were used on the Pale-Lukavica road, and the situation there is very risky." She adds that the four Serb soldiers "captured on 27 May at the UN's Vrbanja Most checkpoint have been transferred from the UNPROFOR base in Skenderija to General Smith's villa on Djure Djakovica Street, in the Muslim part of the city." Negotiations on their exchange are under way, and "UN sources claim that they have been treated correctly."

Over 700 Civilians Flee as Army Attacks Vozuca

AU3105203995

[FBIS Editorial Report] Banja Luka Srpska Televizija in Serbo-Croatian at 1830 GMT on 30 May carries within its regular 35-minute newscast several reports on the fighting in the country.

Reporting from the Ozren-Vozuca front, Ozren Jorganovic says that "the heavy Muslim offensive aimed at cutting off the roads toward Vozuca has been going on for four days now." He says that "with the help of their brothers from Islamic countries and foreign mercenaries, members of the 2d and 3d Corps of the so-called Bosnia-Herzegovina Army have used all the heavy artillery weapons available to attack the Krivaja valley and the southern parts of Mt. Ozren, and they are not refraining from using poison gases." He adds

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that "Muslim units this morning launched an offensive from Gracanica and Orahovica toward the bridges on the Spreca River—toward Petrovo, Sockovac, and Karanovac—and launched a heavy artillery-infantry attack from Lukavac toward the positions in (?Sizje). The attacks were repelled, and the enemy was forced to withdraw to his initial positions. At the same time, civilian targets in Milino Selo on the east of Ozren are under constant artillery fire, but there have been no civilian casualties."

The studio announcer, reading the report prepared by Mira Purkovic, says that the Serb soldiers from Ozren have appealed to all the Serbs to join them in stopping the Bosnia-Herzegovina Army offensive against Ozren and Vozuca.

She continues to say that "over 700 civilians from the Vozuca area have had to leave their homes during last night and today. The Krivaja valley and Pocjelovo are under fire."

Moreover, she says that "the general alarm is still in force in Doboj because of the danger of Muslim artillery attacks. Serb soldiers are successfully resisting attacks from Zavidovici, Banovici, and Lukavac."

She says that Muslim attacks on the Serb positions on the Vlasic front continued.

On the Donji Vakuf front, "several mortar projectiles were sent towards the Serb positions in the area of Pogana Ravan, Topolica, and Plasnic."

Special units of the 2d Krajina Corps "retrieved some 6 kilometers of the territory that the Muslims had occupied during the recent offensive against the Serb Republic in a heavy counteroffensive on the Bihac front, and the enemy suffered great losses in manpower and equipment."

Correspondent Slavisa Sabljic continues to report on the situation on the Bihac front. He says that "today the 5th Corps extremists attacked along the entire 60-km separation line. From the Bihac safe haven Muslim artillery and infantry attacked the Serb positions at the Grmec plateau, at Krupa, and Ripacki Klanac south of Bihac, where the defenders' positions were targeted from the recently occupied Serb villages in Pounje."

The studio announcer says that "Croat Defense Council units from the Orasje area opened tank and artillery fire and fired several shells from multiple rocket launchers toward the Serb defense positions in Posavina."

She also says that "from the Tuzla safe haven, the 2d Corps of the Muslim army attacked the Serb defense positions on Mt. Majevica. Muslim infantry attempted breakthroughs from Snjeznica towards (?Nikolici), and towards Bogdanovo Brdo, but they were made to withdraw to their initial positions, and suffered losses."

She continues to say that on the Mostar-Nevesinje front, "particularly in the Konjic area, Muslim forces launched a heavy infantry attack against the Serb positions, opening artillery fire on the Serb positions and civilian targets. Muslim forces were heavily attacking from Bijela and Dzajici and the Velika Ostra elevation, trying to break through towards the Serb villages near Boracko Jezero at Konjic. The command of the Herzegovina Corps has reported that the Serb soldiers have successfully repelled all the Muslim attacks and that the separation lines have remained unchanged."

She says that "this morning a heavy Muslim infantry-artillery attack on the Serb positions started in the Trnovo area near Sarajevo, the aim of which is to take control of the road that connects the Serb part of Sarajevo with the interior of the Serb Republic, which would make it possible for the Muslims to progress towards Gorazde."

An unidentified correspondent then says that "encouraged by the NATO overflights, Muslims used all the weapons available to target Serb Sarajevo, particularly Vojkovici, Kotorac, Kasin Dol," where two civilians were killed, and seven were wounded. She also says that "Muslims were also shooting the NATO planes, which were flying quite low, with the obvious aim to provoke air strikes on Serb targets. The Pale-Vraca-Lukavica road was again exposed to Muslim sniper and antiaircraft fire."

Army 2d Corps 'Implies' Serbian Support to Serbs

AU3105145395 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1300 GMT 31 May 95

[FBIS Translated Text] The latest successes of the Bosnia-Herzegovina Army's 2d and 3d Corps on the Mt. Ozren front have seriously undermined the aggressor army's morale. Indescribable chaos rules the once impenetrable Chetnik stronghold on Mt. Ozren. The 2d Corps military sources have reported that the Serbian civilian population is being hurriedly moved out of the broader Vozuca area; the occupying authorities have directed them to head for the village of Tumare on Mt. Ozren. [Words indistinct] total chaos, and that all hopes have been invested in the current Chetnik counteroffensive with the goal of recapturing the lost positions.

[Words indistinct] in the past two days attempted countless times to repel the advancing 2d Corps forces; however, despite the fact that the enemy artillery units have fired hundreds of tank, cannon, mortar, and other

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shells at our defense positions, and that they have attempted several infantry breakthroughs, the valorous 2d Corps units have thwarted all of the aggressor's intentions.

The attacks were particularly fierce overnight, when the defense lines were pounded by tank shells from (?Stizje) and Vrbaki; 120-mm and 82-mm shells were fired at the newly achieved lines on [name indistinct] and (?Krepala). The Chetniks continue to receive reinforcements and hardware. Last night, [words indistinct] trucks and buses were reported travelling on the Seona-Borovak route heading towards Gornja Brijesnica and Bosansko Petrovo Selo [words indistinct] after which they continued towards the Vozuca pocket.

Frequent motor vehicle traffic has also been reported on the Bijeljina-Brcko-Loncari and Bijeljina-Lopare-Priboj routes, which implies that Karadzic's paramilitary is receiving logistical support from Serbia for both the Mt. Majevica and Mt. Ozren fronts where the aggressor from the region of Stolice at 0620 [0420 GMT] this morning fiercely fired from mortars at our positions in Citluk and Biljeg.

On two occasions, long-range artillery targeted Tuzla, Gradacac, and Kladanj, the 2d Corps Information Service has reported.

Details of Karadzic Letter to Butrus-Ghali

LD3105191395 Paris France-2 Television Network in French 1800 GMT 31 May 95

[FBIS Translated Text] The Bosnian Serbs have been blowing hot and cold for several days now. What one could call their information minister says they are ready for immediate diplomatic discussions, including with the representatives of the Contact Group.

At the same time the Bosnian Serbs are raising the stakes. Exclusively for France-2 TV, Jacques Merlinot read the letter addressed to the UN secretary general by Radovan Karadzic:

[Merlinot] [video shows letter] Two days ago, Radovan Karadzic wrote to [UN Secretary General] Butrus-Ghali on notepaper with a Bosnian Serb Republic letterhead. In that confidential document, he sets three conditions for the settlement of the crisis.

First, a guarantee that there will be no further air strikes and that the mandate of the UN forces will not be modified. His tone is firm and a little ironical: send more diplomats and fewer soldiers, Karadzic writes.

Second, the safe zones should be totally demilitarized and be put under the control of the United Nations. This proposal concerns the major cities of Bosnia. The Serbs demand that no armed troops remain in these cities and that the United Nations see to the implementation of that decision.

Third, respect for the embargo on arms deliveries. The Serbs accuse Iran, Turkey, and other countries of violating the embargo and of providing military equipment to the Bosnians.

The letter ends with a warning: we will not accept the United Nations as anything but an impartial force.

Krajisnik Favors 'Negotiations and Dialogue'

AU3105141895 Paris AFP in English 1324 GMT 31 May 95

[FBIS Transcribed Excerpt] Belgrade, May 31 (AFP)—Separatist Bosnian Serb leaders offered to negotiate with the West as a U.S. envoy headed for the Serbian capital on Wednesday seeking a political solution to the Bosnian crisis and the detention of more than 350 UN hostages.

Momcilo Krajisnik, speaker of the Serb "parliament" and Bosnian Serb number two, who is considered a hardliner, said he favoured negotiations and dialogue.

"Force cannot help re-establish peace," he said on Tuesday evening. "We are happy U.S. Secretary of State Warren Christopher and the contact group have decided all political means must be used to reach a peaceful solution."

U.S. diplomat Robert Frasure, representing the five-nation "contact group," was due here on Wednesday for a fresh attempt to convince President Slobodan Milosevic, erstwhile patron of Serb separatists in Bosnia and Croatia, to recognise Bosnia-Herzegovina's borders and isolate the rebel Serb leadership.

Western leaders hope to see Milosevic apply pressure on the Bosnian Serbs to accept the contact group's peace plan, giving them 49 percent of Bosnia compared with the 70 percent they currently control.

In return, crippling UN economic sanctions on Serbia would be lifted.

But there were few expectations of a quick diplomatic fix, with Krajisnik setting stiff conditions and diplomats expressing doubts on the leverage Milosevic still can apply on his former allies.

"We think the best (way) would be to call a new international conference on Bosnia-Herzegovina and forget the contact group peace plan which does not fulfil the wishes of either side and does not take into account the present situation" after the war, Krajisnik said.

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The Serb leadership "is ready to talk peace on the basis of the plan but not to accept it first and discuss it later," he added.

He also said the Serbs would not release the 359 UN soldiers and observers they hold hostage until they had won a guarantee of no more NATO airstrikes.

On the strengthening of the UN Protection Force (UNPROFOR), he said the Serbs would not accept a modification of its mandate in Bosnia "which has not been agreed by all involved parties."

"Recognition by Belgrade of Bosnia and Croatia would mean keeping Serbs (now living there) inside the borders of Bosnia and Croatia. We will not accept it," Krajisnik said however. [passage omitted]

Fears about the extent of Milosevic's clout appeared backed up by an advisor to Russian President Boris Yeltsin who said Moscow had lost some ability to wield influence on the Bosnian Serb leadership.

"Moscow has been influencing the Bosnian Serbs, usually via Belgrade and often successfully, but now we can't seem to manage that any more," Dmitri Riyurikov told a press conference in Moscow.

But Moscow still had some influence in Belgrade and Milosevic had made "movement" toward recognising Bosnian borders, he said. [passage omitted]

Serb Minister: Pale Ready for 'Immediate' Talks

AU3105140395 Paris AFP in English 1350 GMT 31 May 95

[FBIS Transcribed Text] Pale, Bosnia-Herzegovina, May 31 (AFP)—Bosnian Serbs are ready to enter immediate diplomatic talks and meet with representatives of the international "contact group," the rebels' "information minister" Miroslav Toholj said Wednesday.

The talks should focus "on the liberation of the hostages and security guarantees we demand," Toholj told the press. He said he spoke "on behalf of the (Bosnian Serbs') civilian authorities and the military command."

"We are ready to associate the Moslems with these talks, to consult them with the international community, but it will have to treat us on an equal footing."

Serbs: Muslims Launch Attacks From Safe Zones

LD3105161295 Belgrade SRNA in Serbo-Croatian 1526 GMT 31 May 95

[FBIS Translated Excerpt] Sarajevo, 31 May (SRNA)—The leadership of the [Bosnian] Serb Republic is ready to become involved in urgent diplomatic negotiations and meet representatives of the Contact Group, Miroslav Toholj, minister of information in the government of the [Bosnian] Serb Republic, said today. [passage omitted]

In an explanation the Serb information minister gave to SRNA, it is stressed that the [Bosnian] Serb Republic is asking that, instead of accusing the Serbs of attacks on the so-called protected zones, the international community should guarantee that these zones not be used to launch fierce Muslim offensives on Serb areas, as has been the case during the last two years of war.

Serb Army: Tuzla Massacre Staged by Muslims

LD3005194395 Belgrade SRNA in Serbo-Croatian 1823 GMT 30 May 95

[FBIS Translated Text] Sarajevo, 30 May (SRNA)—Several dozen civilians have been killed and wounded in a fierce offensive by the 2d and 3d Corps of the Muslim army in the areas of Ozren, Vozuca, and Trebava and in Muslim artillery attacks on the town of Doboj, says a statement issued today by the information service of the General Staff of the Serb Republic Army.

The statement says that the Muslims, in an attempt to divert the attention of the international public from NATO air strikes on the area of Pale, stage-managed a massacre of their own population in Tuzla on 25 May.

The information service warns that the objective was to put the blame on the Serb side, to provoke NATO to continue bombing Serb areas, and to justify the planned Muslim offensive on Ozren, Vozuca, Trebava, and Mount Majevica, which began early in the morning of 26 May.

"After they had stage-managed the massacre of their own population in Tuzla, Muslim forces launched an offensive on Ozren, Vozuca, and Trebava by carrying out combined actions by the 2d Corps from the direction of Banovici and Lukavac and of the 3d Corps from the direction of Zavidovici and Maglaj; Serb villages and the very town of Doboj came under Muslim artillery attacks," the statement says.

The information service of the Serb Republic Army HQ stresses that "owing to exceptionally intense Muslim artillery attacks, more than 1,000 civilians, mainly women and children, have had to seek refuge deep inside Ozren and Doboj."

"These surprise and unprovoked attacks by the Muslim army clearly show that the Muslim side is not interested in peace and, exploiting the indecision of the international community and the protected areas, is extending its armed actions to other areas as well," the statement says, and adds:

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"The brutality of the Muslim attacks is all the more in evidence by virtue of the fact that they are directed at civilian settlements and innocent people."

As before, there is no public condemnation of these attacks on Serb civilians. On the contrary, the Serb side is again being accused of violating the Tuzla protected zone, the Serb Republic Army HQ recalls.

In addition to condemning the barbaric attacks by Muslim units in the Ozren, Vozuca, and Trebava areas, the statement stresses the determination of the Serb army to halt the arrogant and unprovoked Muslim attacks and protect the endangered civilian population.

Belgrade's B-H Recognition 'Dangerous Trap'

AU3105141995 Pale JAVNOST in Serbo-Croatian 23 May 95 p 16

[Commentary by Kolja Besarovic: "A Trap for 'Rebels'"]

[FBIS Translated Text] While the fighting flares up on the fronts in the former central Yugoslav republic, the diplomatic and media centers are again making topical the earlier announced "inevitability of the imminent recognition of Bosnia-Herzegovina [B-H] by Belgrade (Federal Republic of Yugoslavia)." Although many allegedly well-informed sources concluded after the recent visit by U.S. Contact Group representative Robert Frasure to Belgrade that "Milosevic's recognition of Bosnia is a fait accompli," we think that one should still have reservations about such categorical claims.

That Frasure's Belgrade mission did not end with the achievement of a definite agreement is (in)directly confirmed by a statement by State Department spokesman Nicholas Burns, who expressed, among other things, the "hope that Milosevic would make a few more steps forward," stressing at the same time that the United States "does not think that the Serbian president will embrace its offer immediately." Of course, considering the delicate nature of the negotiations, whose many details are not known to the public, such diplomatic restraint on the part of Washington should be understood as neither proof of a "total fiasco" nor a break in the U.S.-Yugoslav (Serbian) negotiating haggling on the possible modalities of alleviating (suspending) the sanctions—in other words, the price of Yugoslavia's recognition.

Sanctions

The negotiating process will therefore most probably continue, but it is a different question altogether, or rather it is the key question whether official Belgrade will be ready to accept the U.S. current "maximum offer" as a reward for the possible recognition. This reward would amount to extending the period (of 200 days) of suspending sanctions, during which Yugoslavia would be allowed to trade (except oil) but not receive international loans.

Even at first sight, it is clear that the U.S. "maximum" does not satisfy the current Serbian (Belgrade) minimum demands (if not the gradual lifting of the sanctions, then at least the suspension of all sanctions, which would then be followed, together with a peace solution, by recognition of Bosnia-Herzegovina), and what is even more important is not giving any tangible guarantees that new blackmail and demands will not follow after (during) this "trial period."

If one knows that the U.S. officials (like Richard Holbrooke) are openly saying that the sanctions will not be lifted until all "contentious issues" have been resolved (Kosovo, and, it appears, some other issues), it is difficult to believe that the Yugoslav leadership has any illusions that it will satisfy Washington's demands with the possible recognition and even the settlement of the Bosnia-Herzegovina crisis.

Assuming that these illusions do not exist, a logical question would then be why the official course of making recognition dependable on the "prior political agreement of the three Bosnia-Herzegovina sides" is being abandoned. In other words, is the option of its (Serbian and Yugoslav leaderships') recognition of the de facto nonexistent country in exchange for relatively modest and long-term unprofitable rewards realistic at all?

Although it is not thankful to make any firm forecasts at present, it appears that the possibility of such, albeit somewhat modified (veiled), recognition cannot be ruled out at all. Will this indeed happen will depend, of course, on both sides, but it is very likely that the Belgrade leadership—in line with its own assessment of the need to find a tactical compromise that would at least temporarily loosen the noose and give a precious break—will try to obtain through painstaking diplomatic bargaining such concessions (modalities) that would render the formal act of recognition basic (and as relative as much as possible).

In this context, one should view the information on the alleged Yugoslav (Milosevic's) readiness to recognize Bosnia-Herzegovina as a union of two states, the Serb Republic and the Muslim-Croat Federation, which is still far away (or perhaps very close?) to the U.S. formula of Belgrade's recognition of Bosnia-Herzegovina international borders but not the government in Sarajevo.

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Union

If one adds to all this the fact that the leadership of the Serb Republic—despite its insistence on full independence—has never rejected a "softer option" of temporary accepting the Bosnia-Herzegovina Union (according to the Owen-Stoltenberg plan that envisaged a referendum on leaving this creation after a "trial" period of two years), one could then assemble a mosaic that would at first glance look realistic, and thus relatively favorable for the Serbs from both sides of the Drina River. We say at first glance, because, unfortunately this is only an illusion. At this moment, and the way things stand at present, in the distant future, too, the chances of this compromise option being realized hardly exist.

If we were even to ignore the problem of territorial delineation, as well as the discord (to put it mildly) in relations between Belgrade and Pale, it is difficult to believe that the United States wants at this moment to accept this option of the Bosnia-Herzegovina denouement, and thus Belgrade's concept of the formal recognition of the "neighbor from the other side of the Drina River."

We are afraid that their forcing of the "soft option" of recognizing Bosnia-Herzegovina represents a dangerous trap, since, from the point of view of international law, the very act of Yugoslavia's recognition of this neighboring state would place the Serb people and its leadership in the Serb Republic in the position of illegitimate rebels and criminal separatists. This would render easier the realization of the already visible scenario of punishing culprits at The Hague tribunal, which has obviously been set up because of exclusively "Serb criminals."

Of course, the question is whether Belgrade's recognition of Bosnia-Herzegovina would stop the war, something the international factors are allegedly striving for. The answer is clearly negative, regardless of the indisputable fact that such a move would make the position of the Serb Republic more difficult internationally and from the psychological-moral point of view.

We are convinced that all relevant factors in Washington, Bonn, Moscow, and at the East River, and we hope in Belgrade itself, are well aware of this truth. However, it is a completely different question how much some of these (key factors in the West) care for the soonest possible cessation of hostilities in this region.

Bosnian Croats' Criticism of Izetbegovic Seen

95BA0249M Ljubljana OSLOBODJENJE in Serbo-Croatian 20 Apr 95 p 18

[News release of the Croatian Democratic Union of Bosnia-Herzegovina: "The Kind of Policy Being Conducted by the Croats"]

[FBIS Translated Text] In connection with the interview with the president of the Presidency of the Republic of Bosnia-Herzegovina over Internet, the Croatian Democratic Union [HDZ] of Bosnia-Herzegovina has issued a news release, which reads in part as follows:

"Reading the interview with President Alija Izetbegovic, we were unpleasantly surprised by his answer to a question of the EL PAIS reporter about whether the Croats are true or false allies. He answered: 'When the Croats conduct a correct policy, they are true allies. When they conduct an erroneous policy, they are false allies. And my question to you is what kind of policy are the Croats conducting?'

"First of all, it is not clear to us whether we Croats must always be in agreement with all the proposals of the Bosnian Muslims we are talking to from the SDA [Democratic Action Party], so that when we do not agree, we are 'false,' and when we agree then we are 'true' allies. We wonder whether we should treat in that way our own Bosnian Muslims when we do not agree on certain issues? Are we bringing back the uniformity of opinion in which the incumbent party defines how all the others would behave? Are we striving toward a democratic Western society in which all disagreements are resolved exclusively through agreements and discussions?

"In view of the power that we Croats have in the federation, we must nevertheless ask ourselves whether the Bosnian Muslims and the SDA are 'true' allies to us? It is true that we Croats ought to be equally responsible for implementing the federal Constitution, but that certainly presupposes that we have at least equal power in the federation, which unfortunately we do not have.

"We are surprised and confused still more by the question of President Alija Izetbegovic to the same newsman as to 'what policy the Croats are conducting.' The newsman did not, of course, reply, because he was left in confusion, as are we; if it is not clear to President Izetbegovic, it is clear to the entire world that the Croatian policy in Bosnia-Herzegovina, advocated through representatives of the Croatian people from the HDZ of Bosnia-Herzegovina and consistent with the policy of the supreme command of the Croatian state, is unambiguous and crystal clear in calling for

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implementation of the constitution of the federation, creation of the confederation of Bosnia-Herzegovina with Croatia, attainment of political agreements on establishment of peace and preventing new casualties of the war, protection of the Croatian people as a constituent and sovereign people with equal rights, and the struggle for human rights in accordance with the federal Constitution," said the news release of the HDZ of Bosnia-Herzegovina.

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Right-Wing Parties Form 'Croatian National Bloc'

LD3105212795 Zagreb Radio Croatia Network in Serbo-Croatian 1700 GMT 31 May 95

[FBIS Translated Text] The Croatian Democratic Party of the Right [Hrvatska Demokratska Stranka Prava], the Croatian People's Movement [Hrvatski Narodni Pokret], the Free Croatia [Slobodna Hrvatska], and the Croatian Homeland Party [Hrvatska Domovinska Stranka] today announced that they have founded the Croatian National Bloc [Hrvatski Nacionalni Blok]. Its main tasks are to present a single list for the next parliamentary elections and to defend the Croatian national idea and the Croatian state interest. The Croatian National Bloc advocates unification between the Republic of Croatia and the Republic of Bosnia-Herzegovina, as well as for the return to Croatia of northwestern Vojvodina, Srijem, and Boka Kotorska, the statement adds. The task of the Croatian National Bloc is also to fight against neocommunism, liberalism, materialism, and all forms of Yugo-options, the statement says.

Chamber Approves Amnesty Law Amendments

LD3105212295 Zagreb Radio Croatia Network in Serbo-Croatian 1700 GMT 31 May 95

[FBIS Translated Excerpt] The Assembly's Chamber of Deputies has approved amendments to the amnesty law for crimes committed in armed clashes and in the war against Croatia. This means that the amnesty, which was valid until 25 September 1992, has been extended until 10 May 1995. Only people who have not bloodied their hands in the aggression on Croatia will be able to benefit from the amnesty. This was said several times during deputies' speeches in the Assembly. [passage omitted]

Poll Shows Support for Confederation With B-H

AU3005123495 Split SLOBODNA DALMACIJA in Serbo-Croatian 29 May 95 p 11

[Article by Z. Soldic: "Confederation: Enthusiasm in Western Mostar, Caution in Split and Zagreb"]

[FBIS Translated Text] In an anonymous telephone poll conducted in Zagreb, Split, Sarajevo, and Mostar between 15 and 18 May we interviewed 500 persons. From the Statistics Institute in Sarajevo, we obtained information on the current nationality composition and decided on our sample accordingly. In eastern and western Mostar, we also determined our sample according to the current nationality composition.

The sample is made up of 59 percent of Croats, 35.2 percent of Bosniaks, 4.4 percent of Serbs, and 1.4 percent of others. The sample comprises the same number of male and female respondents. Regarding education, 3.6 percent of the respondents did not complete primary school education, 5.8 percent have primary school education, 61 percent have secondary school education, and 31 percent have higher than secondary school education.

We interviewed only persons older than 18 years.

If you were deciding at this moment on a confederation of the Republic of Croatia and the Federation of Bosnia-Herzegovina, what would you decide for?

	Zagreb	Split	Eastern Mostar	Western Mostar	Sarajevo
Unconditional confederation	16.66	13	17.5	76.6	28
Against confederation	24	34	32.5	0	3.33
Only loose confederal ties (liberalization of roads, tax-free zones)	57.34	51	42.5	20	37.33
Do not know	2	2	7.5	3.4	31.34

If you were deciding at this moment on a confederation of the Republic of Croatia and the Federation of Bosnia-Herzegovina, what would you decide for? [figures as published]

Unconditional confederation	22.6
Against confederation	17.6

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If you were deciding at this moment on a confederation of the Republic of Croatia and the Federation of Bosnia-Herzegovina, what would you decide for? [figures as published]	
Only loose confederal ties (liberalization of roads, tax-free zones)	44.4
Do not know	11.4

How do you see a federation of Croats and Bosniaks (Bosnia-Herzegovina)?	Zagreb	Split	Eastern Mostar	Western Mostar	Sarajevo
I see it as a good solution for both Croats and Bosniaks	66.66	80	80	63.33	63.3
I think this solution suits neither Croats nor Bosniaks	20.66	4	2.5	26.66	8
This solution is good only for Croats	2	4	17.5	3.33	4
This solution is good only for Bosniaks	7.33	5	0	5	3.33
Do not know	3.35	7	0	1.68	21.34

How do you see a federation of Croats and Bosniaks (Bosnia-Herzegovina)?	
I see it as a good solution for both Croats and Bosniaks	69
I think this solution suits neither Croats nor Bosniaks	12.8
This solution is good only for Croats	4.4
This solution is good only for Bosniaks	4.8
Do not know	9

	Zagreb	Split	Eastern Mostar	Western Mostar	Sarajevo
Party of Democratic Action	21.34	26	0	43.33	6.66
Croatian Democratic Community of Bosnia-Herzegovina	10.67	9	72.5	0	8
Both parties	49.33	44	22.5	40	48
Someone else	13.33	6	2.5	10	16
Do not know	5.33	13	2.5	6.67	21.34

Poll on Croatian Operation in Western Slavonia

95BA0253B Zagreb HRVATSKI OBZOR in Serbo-Croatian 8 May 95 p 17

[Article by Zelimir Zanko: "Serbia Is Obstructing Peaceful Reintegration"]

[FBIS Translated Text] Citizens of Croatia were almost unanimous in supporting the action of the Croatian police forces and territorial defense in opening part of the limited-access highway, which resulted in the liberation of western Slavonia. They also accept the reasoning of the Croatian authorities that that action, thanks to its effectiveness, could also speed up the peace process in Croatia. But the public does not believe that this will actually happen, i.e., they believe that the Serbian occupiers will not take the lesson from western

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Slavonia, and that peaceful reintegration of the occupied portions of Croatia will not be possible. The key reason for this thinking of the respondents is probably their belief that aggressive Serbia has not yet given up on the occupied areas of Croatia.

The action in western Slavonia received the undivided support of the Croatian public—this long-expected move of the Croatian authorities was thus supported by more than 95 percent of the respondents in the HRVATSKI OBZOR poll.

At the same time, most of the respondents accepted the assertions of the Croatian authorities that this was a limited and closed-end combat operation, which in the endgame might speed up the peace process in Croatia. This can be concluded from answers to the question "What do you think about the assertion that the action of the Croatian police in western Slavonia will speed up the peace process in Croatia?" More than three-fourths, 78.1 percent of the respondents, agree with the assertion included in the question. Rather few respondents, only 7.7 percent, do not agree that the police action in western Slavonia could speed up the peace process in all of Croatia, while somewhat more, 14.2 percent, are undecided.

However, in spite of this conviction of the respondents that the Croatian authorities actually wanted to continue the peace process and peaceful integration through the action of guaranteeing normal traffic on the limited-access highway and destroying the weakest point of the Serbian occupation authorities—in western Slavonia, the Croatian public mainly does not believe that peaceful reintegration is possible! Asked "Do you believe that peaceful integration of the occupied areas is still possible?" more than half of the respondents, 58.4 percent, made a negative response. Nevertheless, a significant number believe that peaceful integration of the Croatian territories occupied at the moment is possible—this is the belief of more than one-fourth, 28.4 percent, of the respondents. Just as with the previous question, the group of undecided respondents was smallest, only 13.2 percent.

But when we look at the answers to the next question, we clearly see why the respondents usually believe that peaceful reintegration of the occupied areas (in spite of the efforts of the Croatian authorities) will nevertheless not be a feasible option. That is, the respondents were largely of the same mind in answers to the question "In your opinion, has Serbia given up on the occupied areas of Croatia or not?" More than two-thirds of the respondents believe that Serbia still has not renounced retaining the occupied areas of Croatia—this response was made by 71.2 percent of the respondents. A much smaller number believe that Serbia has given up on the occupied areas of Croatia, while 17.4 percent are undecided. According to this, it is clear what should be done to make peaceful reintegration possible.

Hadzic, Mikelic Prepared Secession Plan

AU3105191295 Belgrade TELEGRAF in Serbo-Croatian 31 May 95 p 3

[Article by B. Miseljic: "Mikelic and Hadzic Prepared Secession of Eastern Slavonia from the RSK, With the Agreement of Belgrade and Zagreb and With Mediation of Akashi and the Contact Group"]

[FBIS Translated Text] It was agreed on the Zagreb-Belgrade-Erdut axis, with the mediation and guarantees of the Contact Group and Yasushi Akashi, that Borisav Mikelic, former prime minister of the Republic of Serbian Krajina (RSK), would carry out the secession of eastern Slavonia from the RSK, with the assistance of Goran Hadzic, TELEGRAF has learned from well-informed sources in Belgrade.

Political and military preparations have already been revealed partially, however, the biggest obstacle—the unwillingness of the command of the Vukovar Corps to "cooperate"—has not been overcome yet.

Zagreb allegedly offered "firm guarantees" that western Slavonia will not repeat itself on condition that the authorities of eastern Slavonia fully embrace the provisions of the Z-4 plan and a gradual reintegration of eastern Slavonia into Croatia in the next six years. There are indications that Baranja would gain a special status within this arrangement.

With the realization of this plan, the biggest danger for Croatia—the loss of access to the Danube River—would be overcome. Any other losses of territory would have considerably lesser strategic consequences for Croatia.

East Slavonia Serbs Oppose Krajina Secession

LD3105164095 Belgrade TANJUG Domestic Service in Serbo-Croatian 1517 GMT 31 May 95

[FBIS Translated Text] Vukovar, 31 May (TANJUG)—Goran Hadzic, president of the coordination committee for Eastern Slavonia, Baranja, and Western Srem, told journalists today that the committee's reservations about the urgent unification of the Republic of Serb Krajina (RSK) and the [Bosnian] Serb Republic (RS) were interpreted in an unjustified way as secessionism.

The committee was formed in Beli Manastir last week. In addition to Hadzic, the former president of the RSK, the committee comprises the presidents of all the five municipalities in Eastern Slavonia, Baranja, and

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Western Srem, the ministers from that part of the RSK, and Borislav Bogunovic, deputy chairman of the Krajina Assembly.

Hadzic added that in Eastern Slavonia, Baranja, and Western Srem the decision on unification is considered premature, and it is felt that all the dangers it would bring have not been seriously examined.

"We have been asked to unite with the Serb Republic, a state with which we have no territorial links, while at the same time we would get on the wrong side of Serbia, whose territory we should cross to get to Pale or Knin," Hadzic stressed.

"The coordination committee cannot pass any decisions, but it has the right and the obligation toward the people to warn them of the consequences of rash decisions, such as the one on unification," Hadzic said.

Eastern Slavonia, Baranja, and Western Srem have 26 deputies in the Krajina parliament. Around half of them are the Radicals who were in Knin and voted in favor of the decision on the unification.

Some deputies, members of the Serb Democratic Party of Serb Lands and the Serb Party of Socialists, and most independent deputies from Eastern Slavonia, Baranja, and Western Srem showed their opposition to the decision by not turning up at the assembly session in Knin.

Krajina Serb Assembly Condemns NATO Actions

LD3005145195 Belgrade SRNA in Serbo-Croatian 1422 GMT 30 May 95

[FBIS Translated Text] Knin, 30 May (SRNA)—The Assembly of the Republic of Serb Krajina [RSK] has most sharply condemned the latest criminal NATO actions against the Serb republic, concluding that the international community has become directly involved with the enemy of the Serb people.

A statement for the public from the fourth sitting of the first regular session of the RSK parliament, which ended in Knin last night, says "hypocrisy of the international powers has reached its peak during the Croatian army aggression against western Slavonia launched on 1 May."

"Instead of protecting the Serb people, the international community safeguarded Croatia's interests," the RSK deputies said.

The RSK Assembly is especially disappointed with UN special envoy Yasushi Akashi's decision to ask—without any good reason—NATO to bomb the Serb people, which he failed to do against the Croatian side when its criminals were committing horrific massacres against the civilians in western Slavonia.

"The Krajina Assembly calls on state leaderships in all Serb and Serbian lands to be united, which is necessary now more than ever before," the statement forwarded to SRNA says.

RSK Demands Extradition of 'Deserters'

AU3005111495 Knin Srpski Radio Krajina Network in Serbo-Croatian 1900 GMT 29 May 95

[FBIS Translated Text] Today's discussion at the session of the Krajina Assembly resulted in the following decision:

The RSK [Republic of Serb Krajina] Assembly demands that the authorities of the Republic of Serbia and the FRY immediately extradite all citizens of the RSK who are fit to serve in the army—in other words deserters—to military institutions of the RSK. The vote decided that this demand be forwarded to the assemblies of Montenegro, Serbia, and the FRY.

Daily Views Serb Exodus From Western Slavonia

AU3105071195 Belgrade POLITIKA in Serbo-Croatian 26 May 95 p 7

[Article by Branislav Radivojisa: "Western Slavonia Almost Completely Depopulated"]

[FBIS Translated Excerpt] It is estimated that before the latest Croatian attack western Slavonia had from 17,000 to 25,000 residents, the figure of 17,000 being more likely.

What happened to these people from the moment of the attack by the Croatian forces? More than 11,000 have fled to the territory of the Serbian Republic so far. Approximately 1,600 were taken prisoner while the fate of the wounded is not known. Reportedly, among the 1,600 captured there are also wounded. As Prime Minister Mikelic reports, 1,200 prisoners have been freed so far. Assessments as to how many residents remained on the territory, controlled by the Croatian forces, also vary. Some mention approximately 1,500 residents of the Serbian ethnicity while others mention 3,000 residents. As regards the dead, the assessments range from 180, as reported by the Croatian authorities, to 400 or 500, as quoted by UN headquarters in Zagreb.

A group of residents flees from western Slavonia via bridge on River Sava almost daily, therefore, the information about 1,500 to 3,000 of the current "residents" is not final. The aggression was therefore a success from the viewpoint of the attacker, as western Slavonia was

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almost completely depopulated in the second attempt (the first took place in 1991).

Under Prison Censure

There are 260 persons registered as "missing." These are not the members of the Krajina Army, at least not those who were taken prisoner. Namely, those taken prisoner have more or less already sent the so-called family messages to their closest relatives via the International Red Cross. So far, 1,500 such messages have been sent from Croatian prisons and camps. The International Committee of the Red Cross also started sending family replies to the remaining prisoners.

As Dr. Miodrag Starcevic and Branko Popovic of the Yugoslav Red Cross tell us, 168 such family messages were sent on the territory of FRY, which means that these prisoners from western Slavonia have family members on the territory of Serbia and Montenegro. These are those who fled this part of the Republic of Serbian Krajina [RSK] earlier, leaving men behind. The content of the messages strictly follows international convention, which means that they are censored by the Croatian prison authorities.

The Krajina Red Cross or any other organization from the RSK have no access to western Slavonia. Only international organizations are there as well as UNPROFOR [UN Protection Force]) which holds (only partial) information about the prisoners. The International Red Cross releases information about prisoners, however, at Croatia's insistence, only to family members.

The Yugoslav Red Cross, as Branko Popovic says, does not hold information about the situation in western Slavonia, except for the names of some 7,000 people who fled from that region.

One Way Bridge

These days, the refugees from the western part of the RSK are settling in Vukovar, Beli Manastir, Ilok, and some other towns in the east. As a matter of rule, they are coming in groups. First they arrive in the reception center in Sremska Mitrovica, where they receive some food, blankets or mattresses, and then they proceed further. They are going to Eastern Slavonia because they have family and former neighbors who had fled there. [passage omitted]

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'Shqiptar' University Official Freed on Bail

LD3105201795 Belgrade TANJUG Domestic Service in Serbo-Croatian 1452 GMT 31 May 95

[FBIS Translated Text] Skopje, 31 May (TANJUG)—Fadilj Sulejmani, vice chancellor of the illegal Shqiptar [derogatory Serbo-Croat word for "ethnic Albanian"] university in the Former Yugoslav Republic of Macedonia [FYROM], has been released from detention, Skopje media reported today.

The Tetovo municipal court recently sentenced Sulejmani to two and a half years in prison for the criminal act of inciting people to resist during the disturbances by Shqiptars and the armed clash between demonstrators and the police in connection with the closure of the ethnic university on 17 February 1995. At that time one demonstrator was killed and about 60 injured in the villages of Poroj and Mala Recica near Tetovo.

TANJUG has learned that Sulejmani has been free since yesterday after paying 100,000 German marks to obtain bail. Sulejmani is required to report to the court regularly until the criminal proceedings are over.

PDP: Arrest 'Unnecessary'

AU3105185695 Skopje MIC in English 31 May 95

[FBIS Transcribed Text] The defendant Fadil Sulejmani, rector of the illegal university in Albanian language in Tetovo, who has been sentenced to 2.5 years in prison for committing the criminal act "inciting resistance," has been released on bail. Namely, at the request of Sulejmani's defense to release him on bail, the Criminal council of the Tetovo Municipal court set his bail at 200,000 German marks [DM]. However, after the defense appealed this decision, the Skopje Municipal court set the bail at DM100,000. The money was paid yesterday. The leader of the Party for Democratic Prosperity [PDP] of the Albanians in Macedonia [The Former Yugoslav Republic of Macedonia—FYROM] Arben Dzaferi, told MIC that "Sulejmani's arrest was unnecessary, it disturbed the public and raised the tension in the inter-ethnic relations. Now, the situation is somewhat more relaxed, but if it comes to new arrests, the tension will be raised again."

Rector Makes Statements

AU3105154395 Tirana TVSH Television Network in Albanian 1800 GMT 30 May 95

[FBIS Translated Text] Tetovo University Rector Fadil Sulejmani, who has been in prison since 16 February, was released on bail today. Bujar Muharremi reports from Tetovo:

[Muharremi] At 1300 today, Tetovo University Rector Prof. Dr. Fadil Sulejmani was released from the Skopje (Shuto Rizai) prison on bail. Family members and Milaim Fejziu, chairman of the Gostivar-based Forum for the Defense of Human Rights and Freedoms, were at the prison to accompany him.

For the Albanian RTSh team that was present, Prof. Dr. Fadil Sulejmani stated:

We plan to carry out the work that we have begun until the very end by being resolute and fearless. Tetovo University is a demand and necessity of today. Its foundation is associated with the existence of the Albanian people, which is why the people gave their entire support to the university. I am optimistic that work will progress further, and for this, we need to strengthen cooperation among each other, including an accord with the Macedonian [The Former Yugoslav Republic of Macedonia—FYROM] democratic forces. We should spread the world that Tetovo University has no political goals, but aims at educating our children and youth. This is the road to advance forward on in unison with the whole world. We will not allow others to trample us or step on us with violence and force.

Prof. Dr. Fadil Sulejmani further stressed:

[Begin Sulejmani recording] The set bail is another testimony that our imprisonments, trials, and convictions have been trumped-up political trials—that is, only with such a bail can we go free; otherwise there is no possibility. [end recording]

[Muharremi] Prof. Dr. Fadil Sulejmani later said that Macedonia cannot resolve the issues as it has done so far. Sulejmani said that the statements of those who do not wish us well or seek to make a political career out of these are destined to fail.

Sulejmani later declared: I am guilty just as the Albanian people in Macedonia are guilty for wanting to learn and write in their mother tongue.

DPS Reports Possible Mass Emigration of Serbs

LD3105204095 Belgrade TANJUG Domestic Service in Serbo-Croatian 1538 GMT 31 May 95

[FBIS Translated Excerpt] Skopje, 31 May (TANJUG)—The Democratic Party of Serbs [DPS] in the Former Yugoslav Republic of Macedonia [FYROM] drew attention today to the possibility of the mass emigration of a section of the Serb people from this new Balkan state.

DPS leader Dragisa Miletic told journalists in Skopje that about 350 Serbs and their families had turned to the

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party for help in their efforts to emigrate to the Federal Republic of Yugoslavia.

The chronic failure of the Macedonian authorities to fulfill the legitimate and constitutionally guaranteed rights of the Serbs in this republic is forcing many of our people to emigrate north to their homeland, Miletic said.

Miletic says that apart from the serious problems of survival faced by numerous Serbs, the majority of Serbs who are opting for emigration are those who, despite fulfilling the legal conditions, have failed to obtain citizenship from the Macedonian authorities and have thus become foreigners under the new circumstances in the FYROM. [passage omitted]

Germany To Make Loan for Returning Workers

AU3105185495 Skopje MIC in English 31 May 95

[FBIS Transcribed Text] The German Government is to approve Macedonia [The Former Yugoslav Republic of Macedonia—FYROM] a loan soon, of 10 million German marks [DM], as help in the returning of the Macedonian workers from the Federal Republic of Yugoslavia in Macedonia [The Former Yugoslav Republic of Macdonia—FYROM] and their more efficient inclusion in the Macedonian economy, i.e. the so-called small private sector. The loan has a 10 year grace period and a pay-back deadline of 30 years, with 2 percent interest. According to the project, it also has to include the Macedonian Government with a sum of also DM10 million. In addition, the minister-spokesman in the Government, Gjuner Ismail informed that Switzerland will give Macedonia 8 million Swiss francs of which 5 million will be intended for revitalization of the hydro-electric power plants, while 3 million for projects for protection of the Ohrid Lake. The Government also made a decision to raise the rents of the business areas for 100 percent, in order to stimulate the further sale and privatization of the business areas.

PDP Congress Calls For Constitutional Change

AU0106081795

[FBIS Editorial Report] Tirana RILINDJA in Albanian on 31 May carries on page four a 3,500-word report by Ismail Arsllani on the congress of the Popular Democratic Party (PDP) held in Tetovo on 27 May, entitled "No Deviation From the National Groundplan."

The report states party chairman Iljaz Halimi, speaking to 225 delegates, presented a report on the party's work.

Halimi is quoted as saying: "We hoped that the development of democracy would overcome the heritage of severe injustice from the historical past. The PDP has been trying to contribute toward achieving fair solutions to several issues, and first of all the Albanian question. The Albanians in Macedonia have been oppressed for centuries. They have been subjected to discrimination and have not been equal to other peoples. The PDP program has offered a solution to the Albanian question in the former Yugoslavia, including Macedonia. However, the state has called this solution nationalist extremism and radicalism. It goes without saying that this policy is a continuation of age-old anti-Albanian policies, whose purpose is to portray efforts toward a fair settlement of the Albanian question as maximal demands; according to the state, the optimal solution is the status of a national minority, as sanctioned in the present Constitution."

Halimi continues: "The PDP has not taken part in either the previous government or the present one. This is not by accident. We were aware that participating in the government without any agreement signed in advance by the partners in the coalition would merely provide the state with an excuse to claim to foreign observers that the position of the Albanians is satisfactory. The fact that the government does not wish to sign any agreement that will place it under any subsequent obligation is evidence that it does not have any intention of creating conditions for full national equality."

Halimi states: "Because the second parliamentary elections brought no change of any kind in the position of the Albanians and all citizens in Macedonia in general, and because this government is the generator of the crisis and of situations fraught with interethnic conflicts, the proper solution lies in early parliamentary elections. I consider that the PDP must cooperate with all opposition political parties, regardless of their national composition, in order to achieve early elections that will be genuinely free and equal."

After reelecting Iljaz Halimi as party chairman, Etem Haziri as deputy chairman, and Bedredin Ibrahimi as secretary, the congress is reported as approving a "Congress Resolution," which states:

"1. In the course of the disintegration of the former Yugoslavia and the creation of new states on its territory, the Albanian people's natural right to self-determination and their political will have not been respected.

"2. The PDP expresses its anxiety and indignation to the institutions of the international community over their failure to commit themselves to an overall solution to the question of all the peoples in the former Yugoslavia, according to a single principle.

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"3. On the basis of the universal principles of international justice and a commitment to the peaceful solution of conflicts, an acceptable solution to the Albanian question on the territory of the former Yugoslavia will include the recognition of Kosova as a neutral and independent state, the guarantee of state-forming status to the Albanians in the Republic of Macedonia, and autonomy and national rights for the Albanians in Presheve, Bujanoc, Medvegje, and Montenegro.

"4. The PDP once again affirms its programmed goal that the Republic of Macedonia be defined as a sovereign and democratic state of equal peoples—the Macedonians, Albanians, and the national and ethnic communities living on its territory.

"5. The PDP does not accept the position and legal and constitutional status of the Albanians in the Republic of Macedonia. The present Constitution is the main source of national and civil inequality, and was approved against the will of the Albanian people and their representatives.

"The main condition for eliminating institutional inequality and discrimination is to change the Constitution of the Republic of Macedonia according to the PDP's platform for national equality, or the political platform to be approved by the Albanians' political representatives in Macedonia.

"The PDP therefore appeals to all Albanian political parties and associations for unity and political action to promote genuine national and civil equality in Macedonia.

"6. The second parliamentary elections in Macedonia were undemocratic and unequal, because they were held according to discriminatory laws that did not ensure genuine proportional representation to the Albanians and others in the parliament.

"The parliament and the present government are the main generators of interethnic tensions. The current regime, including the president of the republic, have staged conflict situations in order to cover up their own incompetence and failure in solving political, economic, social, and educational problems. It has been mounting political show trials of Albanians and preventing the development of democratic processes, seeking to portray the Albanians to the public at home and abroad as destabilizing elements that are dangerous for Macedonia. The PDP will therefore cooperate with all opposition parliamentary and nonparliamentary parties in order to organize and conduct early parliamentary and presidential elections that will be genuinely democratic and equal."

Albanian Staff on Strike Over Removal of Editor

AU3105140895 Pristina Kosova Daily Report in English 30 May 95

[FBIS Transcribed Text] Since last week, the Albanian editorial staff of TV Macedonia have gone on strike, because of an arbitrary demotion of the man who heretofore has been chief editor of the Albanian-language programme, Skender Raufi, and his replacement with Hisen Shakiri, who had three years ago been dismissed by the very editorial staff for his anti-Albanian stance in the years 1983-1992. Some time ago, the chief editor of the radio broadcasting in Albanian was dismissed by the Macedonian TV authorities on grounds that he was supportive of the idea of the University of Tetovo in Albanian. An underqualified person was appointed instead to the post.

The Albanian staff of the TV broadcasting programme who have been on strike, protesting over the Macedonian TV authorities, have said they would not give up their demand to see that the arbitrary decisions are reversed. They have signed a petition in which they said they have been targeted for years by Hisen Shakiri, on grounds that they were disobedient to the regime. The Albanian staff in addition demands that when the head of their programme is appointed they themselves be at least consulted.

The Albanian staff has been complaining of the Albanian-language TV broadcasting section for it has been treated at a very low profile, as an editorial staff alone, while it should be treated as a fully-fledged TV Section in Albanian. The Macedonian [The Former Yugoslav Republic of Macedonia—FYROM] Government authorities have cracked down on Albanian private radio and TV stations, on grounds that they had not been duly registered with the FYROM authorities.

Legislation to govern operation of private-owned radio and TV has not been passed by the FYROM Parliament yet. The Albanians have complained about being systematically discriminated against by the FYROM authorities in the fields of culture, education, media, and human rights.

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Russia Joins PFP To Delay NATO Expansion

WS0106114095 Warsaw RZECZPOSPOLITA in Polish 1 Jun 95 p 5

[Commentary by Maria Wagrowska: "Playing for Time"]

[FBIS Translated Text] After a long period of indecision Russia finally accepted two documents on cooperation with NATO: on partnership and on dialogue.

This makes everyone happy. The United States—because Moscow has fulfilled the promise Boris Yeltsin gave to President Clinton. It will allow him to save face in front of the Republicans. The entire NATO—because it will be able to continue its policy aiming to reconstruct a new European architecture with the participation of Russia and Central-Eastern Europe.

It is worth recalling that according to plans made by NATO itself, expansion of the organization toward the East is just one element of the European security construction. Poland and other countries of our region have reason to be satisfied, because Russia's cooperation in the construction of the security system improves our chance to receive NATO membership; it may also help improve mutual relations.

Finally—Russia itself. It will avoid the political risk which self-isolation from North America and Europe would involve.

Unfortunately, the motives which made Russia decide to join the "Partnership for Peace" [PFP] were probably different: to delay the NATO expansion process. Russian politicians now fully realize that the process of NATO expansion is inevitable, yet they are trying to slow it down. Moscow has most probably come to the conclusion that it will find it easier to implement its plan if it cooperates with NATO in "PFP" rather than if it only confines itself to bilateral contacts with the United States and other Western states and to the North Atlantic Cooperation Council.

This game may turn out to be a success, to some degree. The West already considers Russia to be a great superpower, and its interests—to be well justified. It intends to conclude a formal agreement with Russia which would guarantee Russia real influence on everything that goes on in the vast Euro-Atlantic region. All this does not spell the end of the chances for Poland and other new democracies to join NATO. Nonetheless, it does delay the moment of receiving membership.

Agriculture Minister Vetoes Inflation Package

WS3105133295 Warsaw GAZETA WYBORCZA in Polish 31 May 95 p 17

[Article by "MOD": "Anti-Inflation Minipackage; Agricultural Veto"]

[FBIS Translated Text] The government yesterday did not approve a package of anti-inflation measures developed by the Ministry of Finance, the official reason being a "difference of opinions." The cryptic locution was used to refer to the objection of the minister of agriculture.

The government put off making any final decision on the issue until next week.

Meanwhile, according to estimates carried out by the Ministry of Finance, inflation for May is to reach a level of 2.1 percent, which is nearly the same as in April. This means that over the first five months of this year inflation has already exceeded 12 percent, which makes up for two-thirds of the level projected for the entire year.

Inflation Is a Problem of the Ministry of Agriculture

"The overall growth of prices is due primarily to the growth of food prices, and the fact that no preventive measures were taken on the market in time," said Finance Minister Grzegorz Kolodko after yesterday's cabinet session. "The growth of the inflation rate is a problem related to agricultural policies."

Over the last five months of 1994 and in the beginning of this year, food prices grew twice as fast than those of any other products. "That is why, if we do not want inflation to exceed the projected level, we must take radical action," claims Kolodko.

The ministry, however, has raised its demands for taking such action only recently. It was previously resistant to criticism from experts who warned that the inflation rate projections for this year were overly optimistic.

The ministry's postulates within the "radical action" plan are:

—an elongation of the time duration of suspended duty on the wheat quota by one month;

—temporary suspension of compensatory fees on flour;

—increasing the duty-free sugar quota by another 100 tonnes;

—lowering customs on hard cheese.

"Unless the project is implemented immediately, inflation will definitely exceed 20 percent," threatens

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Kolodko. Yesterday, however, the government approved only the first point of the package.

Inflation Is a Problem of the Finance Ministry

"I think inflation is a problem for the finance minister to solve," said Deputy Prime Minister and Minister of Agriculture Roman Jagielinski. "I must tend to the interests of farmers, therefore I cannot allow for the gap between their incomes and the incomes of other social groups to widen. Last year's growth of food prices was due mainly to drought, but this year promises a good crop, therefore prices should stop growing so quickly."

The Ministry of Agriculture is thus suggesting that instead of abolishing compensatory fees on flour, the wheat quota be increased by a further 200 thousand tonnes, and that 50 thousand tonnes instead of 100 thousand tonnes of sugar be imported duty-free.

The ministry does not want to lower duty on hard cheese because—as it claims—milk supply is growing and cheese prices will soon fall.

"Instead, we are suggesting that prices on juice and dairy product packages and fruit concentrates used for yogurt production be lowered," says Deputy Prime Minister Roman Jagielinski.

Inflation Is a Political Issue

Minister Kolodko claims that high inflation is the price that has to be paid for success: The high dynamics of production and exports, high reserves, and reduced unemployment.

"Inflation in the range of 20 percent is now only theoretically possible, but not politically," Minister Kolodko admitted yesterday. "We could reach that level if we did everything we could, but that would imply making tough economic decisions that could lead to the collapse of weaker companies, a growth of unemployment, and a fall in exports."

The central bank was, as usual, criticized. "Had the interest rates and the rate of the devaluation of the zloty been lowered in the fall of 1994, last year's inflation rate would have been lower," said Kolodko. "The failure to take any action has led to the occurrence of a monetary environment triggering the growth of inflation."

The deputy prime minister did stress, however, that the central bank is the government's ally in the fight against inflation.

Kolodko Accused of Failing To Curb Inflation

WS3105143795 Warsaw ZYCIE WARSZAWY in Polish 31 May 95 p 1

[Commentary by Krzysztof A. Kowalczyk: "A Lost Year"]

[FBIS Translated Text] When Grzegorz Kolodko took the deputy prime minister's position one year ago, he solemnly promised that he would fight inflation which—by causing the costs of loans to rise—hampers economic growth. He assured that by as early as 1997 the inflation rate would reach the one-digit range, like in any civilized country. Kolodko wanted to lower inflation gradually, hence in his "Strategy for Poland" he provided that in December 1995 it would fall to 16.1 percent. In reality, that limit will be reached by summer. The year in power of the ambitious economist should therefore be deemed a failure in the pursuit of rampant prices. Why?

Because no one within the governing coalition is willing to sacrifice their political interests to curb inflation. The Polish Peasant Party strives mainly to secure higher incomes for its constituency. It did not even bat an eye when food prices began to soar following last fall's drought. The Democratic Left Alliance is also contributing to the growth of inflation. Under the influence of the All-Polish Trade Unions Agreement it tolerates the loosening of fiscal discipline in state companies and in the public sector, while in fear of losing the votes of senior citizens it refuses to allow for a more economically sound indexation of their pensions.

Inflation is advantageous for the finance minister—higher prices and wages mean higher revenues on VAT and personal income tax. That is why Kolodko tends to neglect the dangers inflation involves.

Yesterday, he stubbornly claimed that the growth of prices is slowing down, and the second anti-inflation package that is to be implemented this year will prevent their further increase, but only in the fall. If one does acknowledge these arguments, it seems logical that Kolodko should have taken similar action last season.

Constitutional Commission Debates President's Veto

WS0106113995 Warsaw GAZETA WYBORCZA in Polish 1 Jun 95 p 2

[Article by "AN": "The Left Knows Not What the Coalition Is Doing; President Without a Veto?"]

[FBIS Translated Text] The government wants the new constitution to deprive the president of the right to veto laws. Aleksander Kwasniewski is surprised. The

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Constitution Commission has suspended its decision until mid-June.

The currently effective small constitution gives the president the right of veto. The Sejm, however, may overrule it in a two-thirds majority vote. Experts from the Office of the Council of Ministers are now suggesting that the president be deprived of that right. As we have unofficially learned, the most ardent advocates of the notion are Prime Minister Jozef Oleksy (Democratic Left Alliance) [SLD] and Deputy Prime Minister Aleksander Luczak (Polish Peasant Party) [PSL].

Wladyslaw Kulesza, who represents Lech Walesa in the Commission, deemed the government's idea "an attempt at radically limiting the powers of the head of state." Other opponents include Kwasniewski, head of the commission and SLD candidate for president. His colleagues from the government surprised him. He told us: "The veto is an important element of balance on the president-parliament-government axis. Yet an absolute majority vote should suffice to overrule it."

Wlodzimierz Cimoszewicz (SLD) suggested a provision stating that the president may refuse to sign a law if the Constitutional Tribunal declares it violates the constitution.

In the debate held yesterday, Cimoszewicz and Piotr Ikonowicz (Polish Socialist Party) supported the notion that the president should be elected by the National Assembly (Walesa was elected in general elections). The concept will most probably be rejected because PSL, the Freedom Union, and part of SLD claim the nation cannot be deprived of the privilege of directly electing its president.

The Commission has adopted a provision on the so-called peasant initiative, which states that 100,000 citizens may present draft resolutions to the Sejm. The Commission has also decided that the government shall be deprived of its right to issue decrees with the status of resolutions.

Poll Shows SLD Head Most Popular Candidate

WS3105130095 Warsaw RZECZPOSPOLITA in Polish 29 May 95 pp 1-2

[Article by Renata Wrobel: "PBS for RZECZPOSPOLITA on Presidential Campaign; Citizen Will Sign but Not Pay"]

[FBIS Translated Text] Most of the residents of our country intend to sign a list supporting a presidential candidate in the forthcoming elections. However, there are few who are ready to support financially any of the persons who are running for the highest office. The poll was conducted for our daily by the Social Research Laboratory [PBS] on 20 and 21 May.

There Are Willing People; Campaign Staffs Must Find Them

Going to the polls is not the only possible form of citizens' participation in the elections. It is possible to help "one's own" candidate before the elections are actually held. First, a candidate must collect 100,000 signatures of people who support his candidacy to be able to include his name on the national election list.

As our poll shows, quite a large group of our country's residents are ready to offer their support in this form. As many as 61 percent of the respondents say that they would like to sign a list supporting a candidate; others are not planning to engage in anyone's campaign in this way.

The former are primarily people between 40 and 49 years old, with a secondary or higher education, with the highest incomes, people living in the biggest and in the smallest towns, as well as supporters of most of the major political parties. An exception are potential voters of the rightist Alliance for Poland [PdP] and of the Polish Peasant Party [PSL], who more seldom than others are inclined to sign a list supporting any candidacy.

The reserve of PSL supporters is in line with the reserve of peasants and inhabitants of rural areas in this respect. Aside from them, also the youngest people and those who live in midsize towns will not readily place their signatures on a list supporting a candidate.

The results of the poll suggest that committees campaigning for Aleksander Kwasniewski will have the least difficulties collecting an appropriate number of signatures. Among the respondents who are inclined to back some candidate, as many as 30 percent would like to sign a list supporting the candidate of the Democratic Left Alliance [SLD]. A list supporting Tadeusz Zielinski would be signed by 15 percent, as in the case of Jacek Kuron. At this stage Lech Walesa would be a favorite of 13 percent of the respondents, Andrzej Olechowski—of 7 percent, and Adam Strzembosz—of 6 percent.

The others are enjoying far lesser popularity. Among the PSL leaders, Jozef Zych would receive more signatures of support than Pawlak (3 and .3 percent respectively). The smallest number of people mentioned Aleksander Gawronik—.2 percent. The respondents mentioned the name of "their" candidate themselves; they were not presented with a list of candidates from which they were to choose. Aside from the candidates that have already been mentioned, the respondents also spoke about Jan

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Janowski, Janusz Korwin-Mikke, Leszek Moczulski, Jozef Oleksy, Jan Olszewski, Zbigniew Religa, and Stanislaw Tyminski.

If we take into account the fact that approximately 27.5 million people are entitled to vote in Poland, even the most modest support of .2 percent would make it possible for a candidate to collect a sufficient number of signatures; thus, all of the aforementioned candidates would receive sufficient support. This would be possible on condition that campaign committees manage to reach all the potential supporters of their candidates.

It Is Not Always as Leaders Like

Only the SLD electorate displays a lot of discipline in supporting its candidate, at least at the signature-collecting stage. Nearly three in four supporters of this grouping are ready to sign a list supporting Aleksander Kwasniewski. Other major parties cannot count on such loyalty of their voters. For example, among PSL supporters there are many more people who would like to sign a list supporting Jacek Kuron than those who would rather place their signature on a list supporting one of the party's leaders.

Also, voters of the Freedom Union [UW] differ in this respect. A list supporting the party's official candidate Jacek Kuron would be signed by only slightly more persons (31 percent) than a list supporting Tadeusz Zielinski (27 percent, and among supporters of the Union of Labor, which officially supports this candidate, his list would be signed by 33 percent). A considerable group of UW voters would also support Andrzej Olechowski, who can also count on supporters of the Nonparty Bloc in Support of Reforms [BBWR], PdP, and the Confederation for an Independent Poland [KPN]. A list supporting KPN leader Leszek Moczulski would be signed by 28 percent of the party's sympathizers. Lech Walesa would find his political base primarily in Solidarity, but also in BBWR and PdP.

Let Them Cope With Their Problems Themselves

The election campaign is expensive. What counts are mainly the funds of the parties that support a given candidate, as well as the money provided by generous sponsors. However, there will also probably be appeals to the "ordinary" supporters to support the campaign of their candidates. Regardless of the respondents' age, education, income, profession, or political views, an overwhelming majority of them say a firm "no" when asked whether they are prepared to provide some financial backing to any candidate. This is the stand taken by 92 percent of the respondents. The others—8 percent—could earmark some of their own money for their candidate's campaigns. Those who make such a declaration most often are well-off and educated people, people holding high posts, as well as housewives. However, even in these groups such people do not constitute more than a dozen percent or so.

Those who are ready to earmark their own money for the campaigns of their candidates would financially support primarily Aleksander Kwasniewski (46 percent of them), as well as Lech Walesa (16 percent) and Tadeusz Zielinski (15 percent). Also in this case the respondents were not presented with a list of names.

Participation in the Presidential Campaign

Are you going to place your signature on a list supporting a candidate?	
Yes	61 percent
No	39 percent

Are you going to financially support the campaign waged by a candidate?	
No	92 percent
Yes	8 percent

* * *

PBS conducted this poll on the order of RZECZPOSPOLITA on 20 and 21 May on a representative 1,015-person sample of adult inhabitants of Poland.

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Possible Candidacy of NBP Head Viewed

WS3105122495 Warsaw GAZETA WYBORCZA in Polish 31 May 95 p 3

[Interview with Christian-National Union leader Ryszard Czarnecki by Wojciech Zaluska; place and date not given: "NBP President for President"]

[FBIS Translated Text] *The leader of the Christian-National Union [ZChN] proposes a 5-0-10 option to Lech Walesa.*

[Zaluska] Does ZChN already know whom it will support in the presidential elections?

[Czarnecki] No, not yet. There are three groups in our party. One of them supports Lech Walesa; the second endorses the candidacy of Adam Strzembosz, and the third is undecided. This last group will tip the scales.

[Zaluska] Which group do you belong to?

[Czarnecki] I propose an escape forward—supporting a person who would be able to win the sympathy of the supporters of both Walesa and Strzembosz.

[Zaluska] You are thinking of Hanna Gronkiewicz-Waltz?

[Czarnecki] Exactly. The president of the National Bank of Poland [NBP] was linked to the Belvedere circles, and therefore, is acceptable to the president. She enjoys the sympathy of the Church; she was one of two speakers at last year's Congress of Catholic Movements. She is popular in ZChN. Our votes in the first-term Sejm elevated her to the office of NBP president.

[Zaluska] However, Hanna Gronkiewicz-Waltz is ready to run only if she receives the support of the entire right wing. Supporters of Adam Strzembosz, such as the Center Accord and the Conservative Party, deny her such support.

[Czarnecki] Jaroslaw Kaczynski ought to remember that by blocking the candidacy of Mrs. Gronkiewicz, he will actually make things easier for Lech Walesa. As far as Professor Strzembosz is concerned, he has recently announced that he will withdraw from the elections if some other rightist candidate receives better results in public opinion polls. I am confident that Mrs. Gronkiewicz can count on greater support.

[Zaluska] What makes you so confident?

[Czarnecki] First, she is a woman, which may soften the election campaign. People will like her, they have had enough of political fights. Second, she has kept away from the wars at the top, no one associates her with them. Third, she deals with the economy, and politicians have tired voters out already. Fourth, she is highly respected on the international arena. Fifth, she has an excellent image in mass media. The example of America shows that since campaigns have been waged on television, it has been impossible for a fat or bald person to become president.

[Zaluska] Let me make sure that I have this right. You want Mrs. Gronkiewicz to announce that she is running in the elections. Results of opinion polls will then force Professor Strzembosz to withdraw.

[Czarnecki] Let us not discuss technical details. I am simply convinced that the NBP president stands a better chance of defeating Aleksander Kwasniewski than Strzembosz and Walesa do.

[Zaluska] However, the president wants to run.

[Czarnecki] It looks like he does. Mrs. Gronkiewicz will certainly not decide to compete with him. The key is in the hands of the president.

[Zaluska] Why should he retreat?

[Czarnecki] To avoid defeat. His chances of success are, for the time being, rather average. This is why I want to propose the following option to Walesa: 5-0-10.

[Zaluska] Which means?

[Czarnecki] Five years of presidency, followed by a break or by the fielding of a candidate that is close to him, and finally, a return to the Presidential Palace for two terms. Incidentally, persons in Walesa's entourage are also suggesting this option to him.

[Zaluska] Are you not proposing something that you cannot guarantee?

[Czarnecki] Why? Instead of that, it is rather an idea of how to change a possible failure into success. It is necessary to persuade Lech Walesa that if he does not run in these elections, this will not spell the end of his chances to become president again in the future. If this year Hanna Gronkiewcz stops Kwasniewski, it will also be a great success for Walesa.

[Zaluska] What would he do in the "0" period?

[Czarnecki] He would take advantage of his international prestige and help Poland. He would also confirm his prestige in the country. He would get ready for a tremendous return in five years.

[Zaluska] In fact, you are offering Walesa jet trips and fishing expeditions.

[Czarnecki] No, I am not. After all, Hanna Gronkiewicz would attract people who would set up a political camp that would closely cooperate with Walesa. The example

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of [Marshal] Pilsudski shows that Sulejowek does not necessarily have to mean helplessness.

Former NIK Head on Coalition Powers

WS2905141595 Warsaw GAZETA WYBORCZA in Polish 29 May 95 pp 14-15

[Interview with Lech Kaczynski, former head of the Supreme Chamber of Control, by Jaroslaw Kurski; place and date not given: "The Leading Role of the Party Is Returning"]

[FBIS Translated Excerpt] [Passage omitted] [Kurski] What do you think of the appointment of an individual affiliated with the current government to head the Supreme Chamber of Control [NIK]?

[Kaczynski] If it is someone the governing coalition treats like the head of a conquered ministry, then there will be absolutely no real control.

[Kurski] Does that apply to your successor, Janusz Wojciechowski?

[Kaczynski] I do not know Mr. Wojciechowski. I would not like to state in advance that as head of NIK he will choose loyalty to the party that has appointed him to that office over objectivism. That type of loyalty, as one can easily see, is a strong point of those affiliated with the Polish Peasant Party [PSL]. I also know that Mr. Wojciechowski is now an important state figure. That does raise certain fears.

[Kurski] You stated before the Business Center Club in April that as far as the political clout of PSL and the Democratic Left Alliance [SLD] are comparable, there is a huge disproportion in financial profits in SLD's favor. PSL was to make up for lost time during the rule of the Pawlak government.

[Kaczynski] There was such a marathon. I will not mention the Food Industry Bank, which has always been closely affiliated with PSL. PSL established the Agency for the Restructuring of the Economy. It began to control Polish Telecommunications SA and the State Insurance Bureau by placing its people there. It also has its own representatives in the National Investment Funds. PSL has gained power all over the country by planting its own voivodes.

[Kurski] And now?

[Kaczynski] Currently, SLD is the leading power in practically all fields. SLD is on a personal offensive not only within the state administration, but in economic institutions as well. They have recently taken control over the "Polish Copper" Mining and Metallurgy Company and the Polish Energy Networks [Polskie Sieci Energetyczne—PSE], where the board is currently being dismissed. PSE has an annual turnover of approximately 90 trillion old zlotys. That is no paltry sum.

[Kurski] What is the spinal cord of the economy? What are the crucial points that have to be taken over to secure an inflow of money?

[Kaczynski] Banks and the Ministry of Finance, where top management positions continue to be held by people of the old system. For example, President of the Pekao SA bank Marian Kanton and his Deputy Janusz Czarzasty, Boguslaw Kot—President of BIG Bank, Krzysztof Szwarc—president of the Export Development Bank, or Andrzej Wroblewski—head of the Supervisory Council of Bank Slaski and minister of finance in Mieczyslaw Rakowski's government. These are just a few examples. They are all, so to say, "players from the same team." They have never been replaced, despite the fact that six years have now passed. [passage omitted]

[Kurski] What is the landscape of the Third Republic of Poland from the perspective of the NIK president?

[Kaczynski] On the middle level of the economy, where thousands of businesses operate, the situation is normal. Competitiveness rules. Yet the larger the scale of the business, the more further development depends not on the market, or on competitiveness, but on political configurations—more often than not dating back to the old political system.

The average entrepreneur who has already repaid three loans and gives sound guarantees can obtain a new loan in the range of 500 million to 1 trillion old zlotys [Z], but no more than that. Larger loans are accessible only to the "chosen few." Individuals affiliated with the ancient regime are privileged in competing for high positions in the new system. There is a group of managers who have done quite well after 1989, but who are limited in their economic expansion by the loan factor. They must invest their talents in small-scale operations. These phenomena hamper our country's economic growth.

[Kurski] Simultaneously, as you claim, banks have been granting many unrecoverable loans. Who is covering the losses?

[Kaczynski] The budget. Banks are collapsing, so the budget is saving them, and on a very large scale at that. The budget is thus in reality financing those who failed to repay their loans. Technically similar, although different in terms of political contexts, is the draining of the budget by large companies. Banks are crediting huge state business organizations, without practically any hope of recovering the funds. The companies are absolved from the obligation of paying taxes, which may not even be collected at all. Debts are growing and nothing is really being done. The same goes for

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liabilities owed to the Social Security Agency. Record-holding debtors to the budget in 1993 were the Warsaw Automobile Plant, Polish Oil and Gas Mining, and the Polish State Railroads. Another form of robbing the state budget is obtaining relief by methods that give reason to suspect corruption. [passage omitted]

The so-called coal scandal is another example. Mines sold first-class coal as second-class. An intermediary private company resold the same coal to energy plants as first-class. NIK carried out an audit of the Bytom Coal Company, the Vistula Coal Company, and five target consumers. The mines' losses that we were able to establish—which were in fact losses of the State Treasury—approximated Z4 trillion. There are grounds to suspect that this is a practice applied on a larger scale. The state subsidizes coal mines which bring losses. The tax payer pays for this in the end.

[Kurski] Yet that does not prevent us from having dynamic economic growth.

[Kaczynski] Apart from pathology, there also exist positive phenomena. State companies have become visibly more active. They are no longer as distressed as they were three years ago. To dispel any illusions, I wish to state that the positive process began one and a half years ago, before the currently governing coalition came to power.

[Kurski] What does the state administration look like from your vantage point?

[Kaczynski] The state apparatus is inefficient, although certain improvement is becoming visible. It was worst in the times of Bielecki's government, because in 1991 the old administration had already ceased functioning, and a new one was not yet in place.

We have recently examined a project developed by Suchocka's government, entitled "A Secure State." Not many of its provisions have been implemented, yet much more coordinated action was taken than meets the eye. Decisions were made and implemented, more or less efficiently. Once the cabinet changed, of course, the entire project was abandoned. [passage omitted]

[Kurski] Would it not be prudent [for the Center Accord—PC—and Solidarity] to join forces in view of the upcoming presidential elections?

[Kaczynski] The situation is tragic. There is no joint candidate of the Solidarity camp. A candidate supported by only one of its parts cannot be perceived as a joint candidate. Thus we have given our support to Professor Adam Strzembosz, of whom you can say everything except that he is affiliated with PC.

[Kurski] Would President [of the National Bank of Poland] Hanna Gronkiewicz-Waltz make a bad candidate?

[Kaczynski] I do not think she would be a good candidate.

[Kurski] Why not?

[Kaczynski] I would rather not speak about the incumbent central bank president.

[Kurski] Who will make it to the finals in the presidential elections?

[Kaczynski] I think it will be Zielinski and Kwasniewski.

[Kurski] What would the implications of Kwasniewski's victory be?

[Kaczynski] It would mean a leading role of the party over the state, and the economy—only the state economy, of course—would be restored. Not so much the coalition, as the party—if Kwasniewski wins, PSL will only be an allied grouping. Even if Kwasniewski does not want that himself, the pressure exerted on him will be too great. I am convinced pro-European policies toward the EU will be abandoned, at least those towards NATO definitely will. I was present at a session of the Pawlak cabinet when the pro-Western state policy was approved among "countless sighs." [passage omitted]

Conversion Projected To Cost 1 Billion Zlotys

WS3105142195 Warsaw POLSKA ZBROJNA in Polish 31 May 95 p 3

[Article by Helena Fiedorcowa: "Assumptions of 1995-97 Industrial Policy: Restructuring the Arms Industry Costs 1 Billion Zlotys"]

[FBIS Translated Text] In mid-May the Council of Ministers approved assumptions of the industrial policy for 1995-97 which define top priorities of the economic policy for the immediate future, as well as the general targets and trends of action together with projected results.

The strategic objective of the program is enhancing the competitiveness of Polish industry on international markets and securing economic growth in a market economy. The project is a by-product of "Strategy for Poland," and is congruent with the assumptions of proexport policies promoting innovation. It constitutes an important element of preparations to integrate Polish industry with the EU.

The following objectives are to be reached within the framework of restructuring the arms industry: adapting

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production potentials to requirements inherent in the provisions of the defense doctrine, defining a model for the functioning of the defense and aviation industries in a market economy, and the conversion of redundant capacities of special production to meet civilian needs.

Some of the suggested methods of attaining specified objectives are: restructuring, ownership transformation to establish State Treasury companies, refining the cooperation network, establishing mixed capital companies (thus facilitating the transfer of modern technologies), and extending the list of strategic issues pertaining to state defense that are financed by the State Committee for Scientific Research.

The legal framework for restructuring the arms industry is implicit in the assumptions of the industrial policy, the project of restructuring the arms industry for 1995-96 together with peripheral projects developed for individual companies, the Ownership Transformation Law, and the Law on the Financial Restructuring of Companies and Banks. Draft amendments on such issues as taking over surplus assets by the State Treasury and government guarantees on investment loans will also be considered.

Specialists claim that the total cost of restructuring the arms industry in 1995-97 will amount to 1 billion zlotys, 20 percent of which is to be allocated for technology and documentation, 20 percent—for construction and installation services, 50 percent—for purchases, and 10 percent for other expenses. The largest source of funding will be domestic loans, providing 50 percent, the companies' own assets—20 percent, budget subsidies—10 percent, and foreign resources—20 percent.

Military Aircraft Crashes Near Kruszwica

LD3105122095 Warsaw Polskie Radio First Program Network in Polish 1100 GMT 31 May 95

[FBIS Translated Text] An SU-20 military plane crashed near Kruszwica, in Bydgoszcz province, at about 1100. Colonel Mieczyslaw Kaczmarek, deputy head of the 2d Corps of the Air Defense Forces, told Polish Radio that in spite of the immediate rescue action the pilot could not be saved. A rescue helicopter and military medical services are on the spot of the crash.

According to Col. Kaczmarek the pilot was performing a training flight and there was no cargo on the plane.

Status of Poland's EU Convergence Criteria

95EP0112B Warsaw RYNKI ZAGRANICZNE in Polish No 52-53, 2-5 May 95 p 3

[Article by TER: "Poland and the European Union's Convergence Criteria"]

[FBIS Translated Text] Poland's intention to become a member of the European Union as soon as possible does not have to automatically mean that our country will participate in the future currency union within the EU. As known, a requirement for joining that currency union is that the interested countries must meet the convergence criteria defined in the European Union Treaty of Maastricht, concluded on 7 February 1992, which took effect on 1 November 1993.

These criteria concern such indicators as inflation level, interest rate levels, stability of currency rates of exchange, and the level of budget deficit and public debt as measured by their share in the gross domestic product. The extent to which Poland is meeting these criteria thus deserves interest.

That extent can be found in a report on the fulfillment of a program of action for adapting the Polish economy and legal system to the requirements of the European Treaty. The report was prepared by the Office of the Government Commissioner for European Integration and Foreign Aid. The final version of that report is yet to be determined, but the analysis of the condition of the Polish economy contained in the draft report, a copy of which was provided to RYNKI ZAGRANICZNE, can be viewed as a complete one.

Inflation Too High

The inflation rate in Poland, as measured by the indicator of increases in consumer goods prices between December 1993 and December 1994, was at the level of 29.5 percent. This means that, when thus reckoned, inflation in 1994 was lower by more than 8 percent compared with 1993 (when it amounted to 37.6 percent). But when reckoned in terms of the ratio of mean price levels, inflation in 1994 was 32.2 percent compared with 35.3 percent a year earlier.

The progress achieved has brought us somewhat closer to the ceilings adopted at Maastricht, even though we still remain separated from them by quite a considerable distance. That is because the maximum deviation of inflation in relation to the mean indicator in the three EU countries with the most stable prices should not exceed 1.5 percent. In 1994 these three countries were Denmark, France, and Holland, where the mean inflation rate was 1.9 percent, so that the maximum level of inflation in the other countries should not exceed 3.4

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percent. Among the member countries of the EU that goal was not achieved by Greece, Spain, Portugal, and Italy.

Experts estimate that meeting the inflation rate criterion in the period until 2000 would be an extremely difficult goal for Poland. Here a favorable factor is the ongoing adaptation of price structure to market conditions, although in the short term certain attendant price increases (e.g., for energy) may spur inflation. On the whole, however, this is creating favorable conditions for reducing inflation in subsequent years (e.g., by reducing budgetary subsidies of energy prices).

The achievements in reducing inflation in 1994 were less than envisaged in the Budget Law, according to which the mean annual inflation rate for that year was to be 27 percent. The authors of the aforementioned report believe that the higher inflation was due chiefly to looser wage controls at the enterprises operating within monopoly structures. Another major adverse factor was the prolonged drought, which caused a marked decline in crops, as reflected in food prices during the second half of 1994.

An Interest Rate Commensurate With Inflation

The fact that the government's intentions to limit the inflation rate were achieved only partially in 1994 has affected interest levels. The National Bank of Poland has cut the prime interest rate by only 2 points (to 33 from 35 percent), despite the recurrent pressures from the Ministry of Finance for a greater cut in the cost of money. The reduction of the interest rate in 1994 can be formally considered as a measure bringing the Polish economy closer to meeting the Maastricht criteria, but still this progress is hardly satisfactory.

Advantageous Appreciation of the Zloty

As regards the ratio of the zloty exchange rate to the adopted currency basket, Poland has scored major accomplishments in 1994, and this will make it easier in the future to meet the Maastricht criteria. The slowdown of the creeping inflation of the zloty, which is resulting in its appreciation in real terms (after allowing for the inflation rate) has been a factor stabilizing exchange rate fluctuations. In addition, the appreciation of the zloty did not adversely affect the balance of payments. In the opinion of experts, this may be viewed as confirmation of the effectiveness and correctness of the exchange-rate policy. In 1994 the performance of foreign trade was even markedly better than a year previously. This made it possible to set aside adequate reserves of foreign exchange which promote a broadening of the convertibility of the zloty and even its currently planned "float."

The Budget Deficit Within the Norm

The extent of the budget deficit as measured in terms of its share in the gross domestic product (GDP) qualifies Poland even now for participation in the currency union. This is the sole convergence criterion that Poland has met since 1993. The budget-deficit ceiling adopted in Maastricht is 3 percent, whereas in the case of Poland the deficit of the state budget in 1994 was 59 trillion old zlotys, or 2.8 percent of GDP. Among the member countries of the European Union, only three—Ireland, Luxembourg, and Germany—have kept their deficit within the 3-percent limit.

Excessive Public Debt

Poland's overall indebtedness, comprising both domestic and foreign debt, was 1,469,837 billion old zlotys at the end of 1994, according to preliminary data, which corresponded to 70.3 percent of the gross domestic product. Thus it does not lie within the 60-percent limit fixed by the Maastricht Treaty, but compared with certain EU countries we do not look that badly off. Of the EU members only four—France, Luxembourg, Germany, and Great Britain—met that criterion last year, while the situation of Denmark, Spain, Holland, and Portugal is similar to that of Poland. In several other countries, such as Belgium, Greece, and Italy, public debt is double that limit.

Moreover, the considerable progress scored by Poland compared with 1993 when public debt accounted for 86 percent of its GDP, also is worth noting.

The aggregate public debt at the end of 1994 consisted of 506,970 billion zlotys in domestic debt and 962,867 billion zlotys in foreign debt. Thus the domestic debt accounts for 34.5 percent of the total and the foreign debt for the remaining 65.5 percent.

Poland's public debt in 1994 declined in relation to its GDP, but nominally it increased by about 31 trillion old zlotys (9.8 percent), of which the domestic debt increased by about Z148 trillion [as published]. The high growth rate of domestic debt has largely been due to the conversion of a part of foreign debt to domestic debt (by, among other things, issuing bonds linked to the introduction of the agreement with Club of London banks). This nominal increase in debt served to finance the state-budget deficit (to the extent of 59 trillion old zlotys), the negative balance of foreign financing (Z12.4 trillion), and the repayment of longterm obligations (Z25.3 trillion).

An Improved Economic Outlook

The general improvement in the economy recorded in 1994 in Poland may not only enable our country to meet

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more rapidly the Maastricht convergence criteria but also make it possible for our economy to function within the framework of the unified European Union market. For the last two years Poland has belonged to the group of the most rapidly developing countries in Europe. In 1994 our GDP grew by 5 percent and industrial output by as much as 11.9 percent. On the other hand, our agriculture has been operating in the red. Agricultural output dropped by 7 percent, and crop output by as much as 16.5 percent, owing to the prolonged drought.

The improved performance of Polish foreign trade is noteworthy. According to preliminary data from the National Bank of Poland, export revenues increased by nearly 25 percent, and spending on imports by 12 percent.

For the first time in many years the growth rate of investment in Poland has become faster than the growth rate of the economy, reaching 6 percent. This was accompanied by an increase in the number of initiated investment projects, which points to a consolidation of this trend.

The greater robustness of the economy made it possible to create new jobs and somewhat reduce the unemployment rate—to 16 percent from 16.4 percent in 1993. For the first time in the last five years, real gross wages in the Polish economy have increased (by 3.6 percent).

The privatization of the Polish economy continued in 1994. At year end employment in the private sector exceeded 9 million, nearly 61 percent of total national employment. That sector accounted for 56 percent of the generated GDP, of which 38 percent of industrial output, 86 percent of construction and installation operations, and 89 percent of retail trade. In foreign trade, private companies accounted for 51 percent of exports and 66 percent of imports.

In sum, structurally the Polish economy is increasingly coming closer to the normal market economy existing in the countries of the European Union. However, despite the high rate of economic growth in this country the difference in mean output level and per capita income compared with the EU is still quite substantial and we are still far from meeting the convergence criteria, especially as regards inflation and interest-rate levels. The progress made in bringing us closer to meeting the convergence criteria in the future can, for the time being, be appraised only in the context of a properly defined "path of approach" that defines the criteria to be met stage by stage, according to experts from the Office of the Government Commissioner for European Integration and Foreign Aid.

GATT Liberalizes Textile, Clothing Duties

95EP0098B Warsaw RYNKI ZAGRANICZNE in Polish 1 Apr 95 No 39, p 6

[Article by Ewa Synowiec: "Results of the Uruguay Round. Liberalization of Polish Import Duties on Textiles and Clothing"]

[FBIS Translated Text] Negotiations of the Uruguay Round which were initiated in 1986 within the framework of the General Agreement [on Tariffs and Trade] (GATT) ended in the signing of the Final Act in Marrakech in April 1994. Arrangements amending some of the 1947 GATT articles together with new agreements (for example, on agriculture, textiles and clothing, protection of intellectual property, provision of services, and aspects of trade associated with investment) provide a framework for the operation of the World Trade Organization (WTO) which began its activities on 1 January 1995.

Ratifying all agreements adopted in Marrakech and bringing national legislation into compliance with their requirements is a precondition for WTO membership. Poland is expected to become a full-fledged WTO member on 1 July 1995. Polish import duties, including those for textiles and clothing, were conditionally reduced at the beginning of this year. Other signatories of the Final Act did likewise.

Current Status of Protection of the Textile and Clothing Market

Textiles and clothing account for a substantial proportion of Polish foreign trade. In 1993, exports generated by this sector exceeded 13 percent of total exports whereas imports accounted for about 9.5 percent of the total importation of goods from abroad. The most important partner in Polish exports is the European Union (70 percent of all exports of textiles and clothing), primarily Germany, the Netherlands, and Denmark. The next group consists of other developed countries (in particular the United States)—about 14 percent, and Central and Eastern Europe (including the former USSR)—more than 10 percent.

The European Union also leads in the imports of textile and garment products to our country (42 percent of imports in this sector), with the ranking of its member countries being identical to that in exports. This phenomenon is the result of the prevalence of upgrade processing in mutual trade. Developing countries come next (29 percent; in descending order, they include South Korea, China, Turkey, Hong Kong, Thailand, the United Arab Emirates, and Vietnam). States of the former USSR—15 percent, CEFTA [Central European

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Free Trade Zone] countries (Hungary, Slovakia, and the Czech Republic)—6 percent, and EFTA states (the old membership)—4 percent rank next.

Poland has not used, and does not use quantitative restrictions on imports from the above countries (import quotas). However, tariff protection is relatively high. In addition, such protection is combined with the levying of the border tax and the VAT (this tax on imports is the same as for domestic producers; therefore, in principle it is not an instrument for protecting the market). In Poland, the average customs duties weighted by the value of imports (for the most important partners) ranged in 1993 and 1994 between 0 and 29 percent ad valorem, whereas tax levies ranged between 16 and 40 percent (Footnote 1: The zero rate of customs duty applied to imports from Finland under the Kevsos Agreement. From the moment of Finland joining the European Communities on 1 January 1995, Poland has been using with regard to Finland (as well as to Austria and Sweden which have also joined the European Union) an import regime, including customs duties, set forth in the European Treaty of Association with the European Communities.)

At the beginning of 1995, nominal duty rates under the most favored nation treatment—MFN (so-called basic rates) for the imports of textiles and clothing were reduced in line with the Uruguay Round and the first set of reductions under the agreements on free trade signed with the European Union, the EFTA countries, and the CEFTA countries. Imports from countries which do not belong to the above groups enjoy lower customs levies on the condition that they were signatories of the GATT and the Final Act of the Uruguay Round.

Basic rates of the Polish customs tariff increase with the degree of product processing, and currently range between 0 and 5 percent for raw materials (certain types of carded and combed wool, animal hair, silkworm cocoons, raw silk, cotton and hemp, jute, sisal hemp, and coconut fiber) (Footnote 2: A rate of 30 percent is still used for certain kinds of shorn wool imported to Poland (in the past, this rate was occasionally suspended at the zero level depending on the needs of the domestic market). The customs duty for flax and flax waste amounts to 15 percent. In accordance with the strategy of protecting the flax industry, the rate for flax yarn is also higher than for other types of yarn; it comes to 20 percent.) Customs levies on semifinished products (yarn, filament, fiber) range between 8.7 and 13 percent. They amount to between 13 and 18.9 percent for fabrics; however, for fabrics containing hair, woven pile fabric, etc. they come to 28.3 percent, and for carpets and clothing, to 25-28.3 percent.

An estimate of customs and tax levies weighted by the value of imports indicates that Poland provides the greatest protection for its markets against imports from Southeast Asian countries (including Vietnam, Thailand, and China). Protection is the weakest against imports from the former USSR (we import mainly cotton from this direction) and Norway.

Unlike rates under the most favored nation treatment, autonomous rates apply to countries which do not belong to the GATT or countries to which Poland has not granted the most favored nation treatment on a bilateral basis. As a rule, such customs duties are twice as high as those under the most favored nation treatment.

For comparison, in the European Union (EU) which is the largest customer for Polish textiles and clothing, rates of duty under the most favored nation treatment, after small reductions (by 0.1 to 1 percentage point) by virtue of the Uruguay Round, come to zero for textile raw materials, to 2.9-8.6 percent for yarn ad valorem, 9.8-16.1 percent for fabrics, and 12.5-13.8 percent for clothing. This lower level of customs protection only seems to indicate a lesser protection of the market since the Union uses quantitative restrictions (so-called self-restrictions on exports) which are foisted on suppliers in bilateral agreements signed under the auspices of the GATT Multi-Fiber Arrangement (MFA). Poland faces Union restrictions of this kind on 18 categories of textiles in direct exports and 10 categories in upgrade processing.

The Uruguay Round and Prospects for Trade in Textiles and Clothing

In addition to the relaxation of quantitative restrictions in the textile and closing sector over the next 10 years, countries participating in the Uruguay Round have agreed, as has already been mentioned, on further liberalization of customs tariffs for mutual access to markets. Participants in the negotiations undertook to increase the degree of restraint of their customs tariffs. This means that they specified, for a grater number of products than heretofore, the maximum level of customs duties beyond which they may not be raised. Raising customs duties above the ceiling so defined will mean that these states will have to pay compensation to the partner countries in the form of concessions to import other products. Only so-called protective clauses will make it possible to increase protection in some cases (for example, when importation occurs under unfair conditions, i.e. those of price-dumping or subsidization, or when an excessive growth of imports is registered).

In its offer made during the Uruguay Round, Poland undertook to restrain 100 percent of customs duties

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for agricultural products and 91 percent of duties on manufactured goods. Certain vehicles, petroleum, and certain products of flax were omitted from the industrial offer. The omission of flax products (see Table 1) relates similarly to the agricultural offer in which Poland restrained duties on flax at a relatively high level.

As a result, with regard to textiles and clothing, Poland has restrained 99 percent of customs tariffs (813 customs entries) in its offer. Customs duties for these positions will be reduced by an average of 40 percent within five years of the WTO taking effect. The level of average customs duties weighted by the value of imports will fall from 23.9 percent to 14.3 percent (in the case of our trading partners these rates will be reduced from 15.5 percent to 12.1 percent, respectively, as a result of an average reduction of 38 percent).

The final nominal level of restrained customs duties for textile and clothing products will range between 6 and 18 percent in Poland. The restrained customs duties for individual chapters of the Commodity Nomenclature in five years will amount to: Chapters 50-52—9 or 12 percent, 53—6 or 12 percent, 54—6 or 9 percent, 55—6 or 12 percent, 56—9 percent, 12 percent for a few positions, 57—15 percent, 58—95 or 18 percent, 59—9 or 15 percent, 60—9 or 18 percent, and 61-63—18 percent.

Some textile raw materials are considered to be agricultural products (among others, natural silk and its wastes, wool not carded or combed, animal hair, cotton, raw flax). Polish commitments in this commodity group include restraint and reductions in customs duties by an average of 37 percent before 2000 (at a minimum, 15 percent for certain positions).

In keeping with the principles for agricultural negotiations in the Uruguay Round, Poland engaged in the process of classifying, for tariff purposes, non-tariff restrictions with regard to the positions of the agricultural tariff which are considered to be sensitive from the standpoint of the Polish economy and, additionally, those positions for which special protections exist in the European Union. Due to this, customs duties submitted to be restrained are on occasion considerably higher that the current ones and approximate the protection levels used by the European Union. With regard to textile raw materials, such is the case with wool (not carded or combed), raw or processed flax, and true hemp (see Table 2). At the same time, with regard to all positions classified in the tariff Poland reserved the right to apply a special protective clause (SSG). Under this clause, it will be possible to introduce additional customs fees in cases of excessive imports or the understatement of prices for imported goods.

Besides, in keeping with the principles accepted at the round, Poland specified quotas of minimum access to its markets for all the above tariff positions. They will amount to 3 or 5 percent of domestic consumption of a given product. In accordance with Polish commitments, market access conditions for within-the-quota volumes will not change from those in existence on 15 December 1993.

It was established in preference agreements on free trade zones that as of the moment customs duties are reduced along general guidelines, in particular those following from tariff arrangements within the framework of the Uruguay Round of the GATT, such reduced rates will, as of the day of their introduction, replace the basic rates beginning from which the liberalization of customs duties has proceeded or is expected to proceed. This means that for imports from the European Union on which rates were supposed to be reduced in keeping with the treaty of association (the same is the case with the EFTA countries), for example, duties on clothing by 20 percent from the 30-percent basic rate, such a reduction proceeded in 1995 from the level of 28.3 percent; the final customs duty on imports from these countries came to 22.6 percent (for comparison, in the case of CEFTA countries to which a somewhat different liberalization schedule applies, such rates in the aforementioned example came to 21.2 percent for imports from the Czech Republic and Slovakia and 25.5 percent for imports from Hungary). Customs duties applicable to the European Union and the EFTA will be reduced in successive years so as to be completely abolished in 1999. This will be the case with imports from the Czech Republic and Slovakia in 1998, and from Hungary in 2001.

As has already been mentioned, customs duties under the most favored nation treatment applicable to partners from the GATT/WTO which, however, are not covered by preference agreements, have also been lowered and will be reduced over the next five years (GATT members which have signed the Final Act have until the end of this year to join the WTO because later the GATT will cease to exist). However, these duties will not reach the zero level, unlike in the case of preference agreements. Significant partners of Poland in this group include South Korea, Hong Kong, Turkey, the United Arab Emirates, India, Indonesia, and Thailand.

The issue of extending reductions in customs duties to GATT nonmembers to which Poland has granted the most favored nation treatment on a bilateral basis (for example, North Korea, China, Taiwan, Vietnam, and countries of the former USSR, including Russia) has not been resolved yet.

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Table 1. Textiles for Which Poland Has Not Restrained Customs Duties in GATT Uruguay Round

Commodity Heading in the Commodity Nomenclature	Product Description	Current Rate of Customs Duty
5306	Flax yarn	20
5309	Woven fabrics of flax	20
58019010	Woven pile fabrics and chenille fabrics of flax	30
59050031	Textile wall coverings of flax	25
59050039	Textile wall coverings, other	25
63023910	Bed linens of cotton-flax mixes	30
63025200	Table linens of flax	30
63029200	Toilet and kitchen linen of flax	30
63041930	Bedspreads of flax or ramie	30

Table 2. Textile Items for Which Poland Has Restrained Customs Tariffs Under the Agricultural Offer Within the Framework of the GATT Uruguay Round

Commodity Heading in the Commodity Nomenclature	Product Description	Basic rate of Customs Duty	Restrained Duty Level
5001	Silkworm cocoons suitable for reeling	1	0
5002	Raw silk (not thrown)	4	0
5003	Silk waste (including cocoons unsuitable for reeling, yarn waste, and garneted stock)	15	5
5101	Wool, not carded or combed—with nominal thickness exceeding 24 microns	60	38 (Special Protective Clause)
	—Other	0	0
5102	Fine or coarse animal hair, not carded	5	0
5103	Waste of wool or of fine or coarse animal hair, including yarn waste	5	2.5
5201	Cotton, not carded or combed	0	0
5202	Cotton waste (including yarn waste and garneted stock)	0	0
5203	Cotton, carded or combed	2	0
5301	Flax, raw or processed but not spun; flax tow and waste (including yarn waste and garneted stock)	2	0

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Commodity Heading in the Commodity Nomenclature	Product Description	Basic rate of Customs Duty	Restrained Duty Level
5302	True hemp (Cannabis sativa L.), raw or processed, but not spun; tow and waste of true hemp (including yarn waste and garneted stock)	2	0

Source: Ministry of Agriculture and Foodstuffs

Social Insurance Reform Criticized

95EP0113A Warsaw WARSAW VOICE in English 7 May 95 p 9

[Article by Lidia Sosnowska-Smogorzewska: "Pensive About Pensions"]

[FBIS Transcribed Text] When the Ministry of Labor unveiled its draft bill for social insurance system reform last week, it won support from most of the government but ran into stiff opposition from Finance Minister Grzegorz Kolodko.

Kolodko, saying the draft would put too big of a strain on an already overstretched budget, persuaded the ruling coalition's deputies that the bill should go to a vote only after trade unions, employers, local governments and various lobby groups spent three months studying it.

But even that idea found staunch opposition. Labor Minister Leszek Miller charged that the May 6, 1987 act on social consultation and referendums does not allow for "social consultation" of drafts that have been rejected by government. Miller suggests two alternatives; either modify the bill to please the entire government, or trash it and prepare a new one.

When asked who should rewrite the bill, Miller replied: "Those who criticize it. The government has no vision of social insurance system reform."

Prime Minister Jozef Oleksy disagreed, saying that the labor minister has the responsibility to take the draft to the public and see what Poles think of it.

No one disputes the need to reform the social insurance system. Debate on how to do so has been raging for years. The current system, drawn up during communism, is a rickety, inefficient relic of another era.

Labor Ministry experts say that if the system is not changed soon, the government might have to take emergency measures as it did in 1992, when it shifted old-age and disability pension revaluation from March to April.

With Polish society aging, the system is getting more expensive. At the end of 1994 Poland had 60 pensioners for every 100 workers. In 1989 the ratio was 40 to 100. The baby boom of the 1950s is starting to bite. The number of old-age and disability pensioners is expected to rise from today's 9 million to 11 million in 2010 and 12 million in 2020. Unemployment, meanwhile, stands at 15.8 percent.

Employers have to pay the equivalent of 45 percent of every employee's wage to the state's Social Insurance Company (ZUS). That's "just on the edge of employers' endurance," says one Labor Ministry official.

To escape the hefty payments, more Poles are working illegally. According to Pentor Institute estimates, 10 percent of all working Poles have jobs in the gray zone or unreported economy. Polish Chamber of Commerce (KIG) calculations show that at least 1 million workers don't pay ZUS premiums and companies' debts to ZUS total zl.4 billion (old zl.40 trillion).

In its scramble to keep the system from collapsing, the government has made some controversial moves. In 1992 it revalued ZUS benefits to 91 percent (not 100 percent) of the average national monthly wage. The Constitutional Tribunal ruled the move unconstitutional and ordered the government to pay disability pensioners more than zl.10 billion (old zl.100 trillion). Yet the government still cannot afford to pay it.

The Labor Ministry says that without reform now, future generations won't receive pensions proportional to the premiums they pay today.

Last week's draft is the latest of many since 1989. Previous drafts have run the gamut from unrealistically populist to fiscally severe. Labor Ministry officials say the current program's main advantage is that it offers fair guarantees to citizens without breaking the budget. To ease its own burden, the program creates incentives for Poles to take out pension policies of their own.

"We realize that we aren't proposing ideal solutions," says Krzysztof Gozdek, director of the social benefits department in the Labor Ministry. "But it's an attempt to control a currently unstable situation."

The draft would develop a new system gradually, over 20-30 years. It divides pensions into three parts.

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The first part, a state pension, would give pensions to all Poles 65 and over, regardless of work history. Payments would equal 30 percent of the current average national monthly wage (nearly zl.200), not enough money to live on.

"[If payments were higher], we would be encouraging people not to work," Gozdek says. In the long run, the pensions would be financed by the state budget. For now, however, the state budget would pay only one-third of the money. The rest would come from employers' ZUS payments. The Labor Ministry estimates that 9.8 million people would be entitled to it, 700,000 more than under the current pension system.

The second part of the pension would depend on how long recipients have worked and how much they have paid into the budget. To be eligible, recipients would have to work for at least 15 years. From 1.1 percent to 1.25 percent of their earnings would be factored into their pensions. So after 40 years of work (under the best scenario) a recipient would receive a pension equaling roughly 50 percent of his previous earnings. He would in effect recoup the premiums he paid while working.

Under the project, periods in which Poles don't pay premiums (while in school, or in the army or on maternity leave, for instance) would no longer be counted toward a pension. Nonworking Poles would have the option of paying premiums.

Neither of these two schemes differs much from the current pension system. The third part, however, does. It would come from voluntary participation in insurance and old-age pension funds. People using the funds would be entitled to tax reductions.

The draft does not reduce current premiums. Gozdek says that would be unrealistic. Even today ZUS gets 20 percent (nearly zl.5.2 billion this year) of its money from budget subsidies.

The budget also covers pension expenditures for victims of war, disabled veterans and uniformed services (firefighters, policemen, etc.) and pays 93 percent of the country's farmers' pensions.

Gozdek says the 45-percent ZUS premium is not too high compared to Italy, for instance, where social insurance payments are 57 percent. The numbers in France (just over 45 percent) and in Spain (nearly 39 percent) are also comparable.

But if the program were implemented, the real premium would decrease with time because employers would only have to pay premiums on wages amounting up to 250 percent of the average national monthly wage. The ceiling would later be dropped to 200 percent, so the higher the salary the lower the payment (in percent of salary earned).

From the 45-percent premiums, about 14 percent would go toward financing pensions. Workers and employers would split the rest of the costs. To do this, employers would have to transfer 15.5 percent of the premium they currently pay the government to the employee—in other words, increase employee's wages, though the employee will himself have to pay 15.5 percent.

"This operation would have a purely calculating character, but it would be necessary for the functioning and clarity of the whole system," Gozdek says.

Labor Ministry studies show that if the system were introduced this year, with the basic premium of 1.25 percent for each year of work, the budget would come up zl.350 million short. The Finance Ministry says the number would be closer to zl.400 million, hence Kolodko's reservations.

Still, Gozdek says the estimates prove that the program is realistic. Gozdek says, however, that the government could not introduce a new social insurance program before 1999. The current draft would need 20 new laws to facilitate it, though some of them would be minor amendments. Also, government offices would need time to prepare for the changes.

Miller says the conflict between the labor and finance ministries centers around pension revaluation. The Labor Ministry wants to relate revaluation to premium payment increases, as is done today, and leave only the state pension dependent upon price increases. The Finance Ministry would like to connect both parts of pensions with price increases.

Kolodko also wants to know what, if any, income tax reductions would be introduced for people paying additional insurance premiums. He also suggests establishing the post of government officer for social insurance system reform, which would be independent from the Labor Ministry.

Another issue is how to use privatization resources while creating funds for financing different kinds of insurance. So far, the Privatization Ministry hasn't estimated the amounts that might be involved.

What the Agricultural Ministry thinks of all this is still unclear. Farmers pay lower premiums than other Poles, and 93 percent of their pensions are state-financed. If the new draft survives the political wrangling and becomes a law, they will have to spend more.

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Minority Organizations in Lithuania Viewed

95EP0103A Warsaw TYGODNIK SOLIDARNOSC in Polish 16 Apr 95 No 16, pp 1, 8

[Article by Wojciech Artych: "Despite the Left and Despite the Right: A Report from Vilnius"]

[FBIS Translated Text] In the previous elections to local governments the sole organization sponsoring Polish candidates for councilmen was the Union of Poles in Lithuania. But last summer the Lithuanian Diet had, despite the protests of the Polish minority, amended the electoral law so as to allow only candidates of political parties to compete in the elections to local governments, thus automatically excluding the Union of Poles in Lithuania, since it was registered under the Law on Associations. The Poles faced the choice of either forming their own ethnic party or running for elections under the aegis of Lithuanian parties. This dilemma sharpened the divisions among Polish activists. At present three groups claiming to represent the interests of the Polish minority in Lithuania can be distinguished.

The Nationalists

The "fundamentalists" are the sole Lithuanian Polish constituency to have established a political party of its own so far: The Electoral Action of Poles in Lithuania (about 1,000) members is capable of independently running in the elections. The party has local branches in the form of six chapters, 60 circles, and members capable of running an electoral campaign. It enjoys authentic support, especially among Poles living in the countryside around Vilnius and older inhabitants of the city of Vilnius. The Action was established last August with the support of the Chairman of the Main Board of the Union of Poles in Lithuania Ryszard Maciejkianiec and the Union's activists in the Vilnius, Solechnitsa, and Trotsk regions. The chairman of the new party is Jan Sienkiewicz. The Action views as its principal purpose championing the return of land to Poles, opposing the new administrative division of the Vilnius region, achieving revisions of the Lithuanian law on the official language, building a Center of Polish Culture, and creating a program for the economic restructuring of areas around Vilnius.

So far the Action has been closely collaborating with Lithuania's Democratic Labor Party. However, the activists of both the Electoral Action of Poles in Lithuania and the Union of Poles in Lithuania feel that this Lithuanian governing party has not kept its electoral promises to the Polish minority and therefore they have suspended their support of the postcommunists. In practice this means the political isolation of the Polish party on the Lithuanian political scene. In this connection, the Action veered in the direction of cooperating with other ethnic minorities in Lithuania, especially the Russian and Belarussian ones. These coalition talks were successful and the Polish party has gained the support of leaders of the organizations of Russians in Lithuania and the Belarussian Language Society.

Taken together the ethnic minorities are a major segment of the electorate, especially in eastern Lithuania. In Vilnius City itself 44 percent of the voters are Poles, Russians, and Belarussians, in the Solechnitsa region they are 90 percent, in the Vilnius region, 77 percent, and in the Trotsk region, 45 percent.

The Europeans

These are an informal group. Their spokesman is Czeslaw Okinczyc, the owner of Radio znad Wilii and co-owner of the newly established weekly SLOWO WILENSKIE. This is a relatively small group, but it includes highly influential individuals such as the leader of the Polish deputies to the Diet, Zbigniew Siemienowicz; one of these deputies, Artur Plokszto; and the chairman of the Municipal Circle of the Union of Poles in Lithuania, Stanislaw Korczynski. These people are united in their dislike of the current leadership of the Union of Poles in Lithuania and the Electoral Action of Poles, who are being accused of dictatorial methods of managing the Union, creating a Polish ghetto, and antagonizing the Polish and Lithuanian public.

The "Europeans" can count on the support of the Poles who, owing to personal interest, profession, or education have adapted themselves best to life in an independent Lithuania. This group owes its strength to its predominance on the Polish-language media market in the Vilnius region. The "Europeans" view the governing Lithuanian Labor Party, the social-democrats and the liberals as their allies. They are opposed to the formation of nationalist parties. They prefer the formation of Polish sections of Lithuanian parties.

The Autonomists

This third constituency is represented by the Provisional Civic Committee for Elections to Local Governments, headed by Anicet Brodawski. Its activists derive from among the local-government activists who had tried in the years 1990-91 to organize a Polish autonomous district in Lithuania—an activity which the Lithuanian authorities deemed illegal; in the fall of 1991 the Vilnius and Solechnitsa councils were disbanded and Lithuanian administrators were appointed in the regions with a Polish majority. This situation caused a major worsening of Polish-Lithuanian relations.

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At present Anicet Brodawski's political views took an 180-degree turn. From an advocate of Polish autonomy he turned into an advocate of a rapid integration of the Polish minority with the Lithuanians. Now he is opposed to the formation of a Polish nationalist party and has declared his support for the formation of Polish sections of Lithuanian parties. He views the place of the Civic Committee as being at the side of the [Lithuanian] Peasant Party. Brodawski is highly popular among the inhabitants of the Vilnius region whom the liquidation of kolkhozes has left destitute.

The Victory Option

The best verification of politicians and programs is elections, and the big winner was the option represented by Jan Sienkiewicz and Ryszard Maciejkianiec. In the Vilnius region, outside the city of Vilnius itself, the winner in the elections was the Electoral Action of Poles in Lithuania, which won 19 out of 27 seats for that region, with the Peasant Party (some of whose candidates also were Poles) winning four seats, while in the Solechnitsa region the Action party won 14 out of 25 seats. In the city of Vilnius itself the Action party won the second place, 11 seats. The Action party also won seats in the regions where Poles account for a large part of the population—five seats in the Svenconys region and six seats in Trotsk region.

The electoral win of the Action party as an ethnic party is due chiefly to the more hostile ethnic policy of the Lithuanian postcommunists. The Lithuanian Democratic Labor Party has alienated the ethnic minorities by its antiminority law on the official language and by going back to the idea of Greater Vilnius. (Footnote: The idea of Greater Vilnius presupposes expanding the boundaries of the capital by including large parts of the regions inhabited by Poles—Vilnius and Trotsk regions.) In the previous parliamentary elections most Poles had voted for the Lithuanian Democratic Labor Party and not for the Union of Poles in Lithuania.

The Peril

The Electoral Action party scored a success despite the Left and despite the Right. A highly dangerous political alignment has come into being, one that could directly affect the social system by putting the Lithuanian majority at loggerheads with the Polish minority. By definition, such a situation breeds conflict and is disadvantageous to both sides without, however, damaging Lithuanian statehood seriously. The responsibility for the emergence of this situation is borne by the Lithuanian side, since it is stronger and decides the ethnic policy. At present everything depends on the political farsightedness and political culture of the representatives of both sides. Two scenarios are possible. In one, the Lithuanians will continue to view the existence of the nearly 300,000-strong Polish minority in the Vilnius region as endangering national security. Hence also, they will strive to neutralize Poles as a cohesive and ethnically conscious social, economic, and political group. (Pro-Polish gestures were made as an electoral expedient and for the sake of foreign policy.) That would mean perpetuating the existing ethnic and political divisions. In the existing power game this situation benefits all. The Lithuanian leaders can exploit the awakening feeling of domestic peril to integrate and mobilize their electorate, while the politicians representing the Polish minority in a confrontational situation can always be certain of their political existence, because they then can count on support from the minority voters, who account for several to a dozen or so percent of the electorate. The second scenario assumes that the existing trend will recede and the Lithuanians will approach the ethnic problem chiefly in terms of civil rights. This means that the state will respect and abide by all the cultural and economic interests—especially economic ones, since these decide the attitude of a majority of the electorate—of members of the minority, on par with the rights of the Lithuanian minority. On being accorded equal rights to social advancement, members of the minority will be relieved of the schizophrenic schism between their Lithuanian national consciousness and their Polish ethnic consciousness. The reasons why Poles define their political options on the basis of ethnic criteria will no longer exist. By the same token, the reasons why Lithuanians link the minority problem to the problem of national security will also cease to exist. And the moment seems historic, because a definite majority of Vilnius Poles have Lithuanian national consciousness.

In Moscow's Shadow

Polish diplomacy considers Vilnius Poles as citizens of Lithuania and therefore it has only to a very modest extent (speaking in general) been championing their rights, since it views the good of Polish-Lithuanian relations as the paramount objective. Lately the Lithuanian political elites have been pursuing a domestic policy that is considered antiminority. Thus, the Russian minority has remained the only ally left to the Poles. This is a political alliance forced by circumstances. But perpetuating such a situation, which bears the seed of conflict, is in the interest of neither the Lithuanians nor the Lithuanian Poles, nor Poland, nor the Russians themselves (the Russians in Lithuania live much better than the Russians in Russia). Breaking this impasse is a historic task facing all the interested parties.

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Time is a factor in favor of a lasting and positive solution of the problems of the Polish minority in Lithuania. For it is precisely just a question of time before Russia overcomes its internal crisis. If the current neoimperial trend of the Russian political doctrine becomes perpetuated, the recovery of influence on the Baltic countries will become one of the priorities of Moscow's foreign policy. And nothing makes it easier for Russia to intervene in the domestic affairs of neighboring countries than the instability of ethnic issues. It would be a historic tragedy and political disaster for both Lithuanians and Poles should the Polish minority in the Vilnius region one day become Moscow's pawn in a game calculated to destabilize the region and regain influence in the Baltic countries.

National Computer Service Network Established

95EP0099A Warsaw RYNKI ZAGRANICZNE in Polish 13 Apr 95 No 44, p 5

[Unattributed article: "Nationwide Computer Systems Service"]

[FBIS Translated Text] As early as this year, ComputerLand Poland will start an all-Polish service network for large computer systems. The company will guarantee not only a quick response to breakdowns but also periodic checkups and maintenance and continuous monitoring of the networks serviced.

The latter service may turn out to be important for large and demanding partners. The configuration of half of all computer workstations changes in many companies within a year which considerably complicates making any changes, even just adding a new program. At that point, the available equipment needs to be reviewed and standardized, and only then are new elements to be introduced. In the case of systems with a few thousand computers, such as systems in banks or at large industrial enterprises, this is very expensive and time-consuming. Computerland will collect all data on the systems and networks serviced continuously through a monitoring system which is being established.

The new service system will cover the entire country. It will also be available to enterprises which have purchased equipment from other suppliers. The investment outlay is expected to come to $200,000.

According to ComputerLand Deputy Chairman Pawel Piwowar, the concept of creating an extensive service network is a response to the needs of the market. At one time, as recently as two or three years ago, it sufficed for customers to purchase equipment of a good make. Somewhat later, good service, or an effective response to breakdowns, began to matter. At present, this is not enough.

Companies which buy large computer systems need a partner for network management—not just for making repairs but also for planning, expanding, and diagnosing the system well, or at least for taking current inventories. Producers which provide warranty servicing are frequently reluctant to offer such a broad array of services. This is why the management of Computerland expects that certain clients will be inclined to give up the service offered by their suppliers and entrust ComputerLand specialists with supervising the network in its entirety.

The new service will be available 24 hours a day, seven days a week. It will be offered by all ComputerLand branches (at present, there are six of them in Warsaw, Gdansk, Szczecin, Poznan, Krakow, and Wroclaw) and two additional service centers. The service will be offered throughout the country which is especially important for companies with many local branches, such as banks with an extensive chain of branches.

Second, this structure will ensure the speed of operation. In the event of a breakdown of a serviced network, ComputerLand specialists will appear on site within at the most eight hours after they are called, regardless of where they are needed (in large cities, within less than four hours). They will get the system running within 24 hours at the most. It is important that ComputerLand will service not only microcomputers but also more sophisticated equipment, such as minicomputers and other elements of network systems, that is bridge routers and hubs; flaws in such elements cause the most complex network breakdowns.

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Editorial on NATO 'Diplomatic Failure'

AU3105134695 Bucharest ADEVARUL in Romanian 29 May 95 p 1

[Editorial by Dumitru Tinu: "Hostages"]

[FBIS Translated Text] It is an irony of fate that the "sentence" of the North Atlantic Alliance on abandoning Romania as Russia's hostage was pronounced in Budapest itself. During the meeting of the North Atlantic Assembly [NAA], whose proceedings took place in the Hungarian capital (for the first time outside the perimeter covered by NATO), the NAA president, the German Karsten Voigt, deemed it fit to also cover the controversial matter of the expansion of the alliance to the East. On the one hand, he reiterated the well-known thesis according to which adherence will be made conditional upon the progress made by each country alone; on the other hand, he hurried to announce the winners of this marathon in advance, long before the finish line has been reached. As was to be expected, Romania does not figure on the list of winners drawn up in Brussels (or Budapest?).

On reading this preferential list, the first thing that springs to mind is that our country has again entered the domino game of the great powers. It has become one of the pawns offered to Moscow in exchange for getting the other countries outside Moscow's sphere of influence. The lure of the Partnership for Peace [PFP] has not been swallowed by Russia, which displays signs of nervousness whenever the problem of expansion to the East is brought up. Fearful to the point of obsession of further upsetting the Russian bear, the West seems ready to divide the region in two—central and eastern Europe—thus abandoning not only Romania but also the Baltic countries, to say nothing of the other republics that severed themselves from the former Soviet empire.

In a fatalistic view of history, one could interpret all this as a new failure of the Romanian diplomacy. However, we must also wonder whether we would have been able to influence the "NATO" jury in the drawing up of its priority list. We found the replies of the two representatives of our country to the NAA—from the summary of their speeches relayed by the Romanian Television—quite excellent. Indeed, Messrs. Petre Roman and Ion Ratiu rebuffed NATO's discriminatory attitude toward Romania, including the supporters of adherence at several speeds. Still, is there an official strategy to counter the anti-Romanian propaganda? For this, there is no need to employ the services of phantom lobbying agencies—like the one hired by Adrian Severin at high costs for the country which confused Bucharest with Budapest—but rather by involving certain prominent personalities, regardless of whether they are linked to the government or to the opposition, because, after all, we are talking, here, about Romania's national interests.

But let us see what the criteria, to which we can refer in the matter of NATO adherence, really are. One must assume that one should primarily proceed from considerations of military progress. But in this respect, how far ahead of us are Hungary, Poland, Czechia, Slovakia, and Slovenia? As is well known, the first four countries had been 100-percent integrated into the Warsaw Pact structures until 1990, with everything that such an integration involved regarding technical equipment (exclusively Soviet) and military cadres. On the other hand, Romania had left these structures 25 years ahead of them and had drawn closer to the West through purchases of combat technology and cooperation in military training.

Second, progress in the political sphere probably counts too. Despite our criteria and reservations in this matter regarding developments at home, one can hardly doubt the progress we have made along the road of democracy in these years: the development and consolidation of the state-of-law institutions, the adaptation of our legislation to European legislation, and the internal measures taken to guarantee civil rights and freedoms. If NATO circles still have reservations toward the current power holders in Bucharest, they should be more upset by the return to power of former communist parties in certain Central European countries.

Third, maybe economic progress counts, too. In this respect, except for the delay in the implementation of economic reform and restructuring, Romania is treated by the EU on an equal footing with the other East European countries.

Why then this discriminatory attitude of NATO toward a country with weight in the region from the viewpoint of its size, economic potential, military force, and, last but not least, strategic position? Are we really hostages in the play of interests of the great powers or are we hostages of the incompetence of the current government? Why did we fail to convince others that not only does Romania need NATO; NATO also needs Romania? These are the inevitable questions that those responsible for Romanian foreign policy should ask themselves, in the wake of the new diplomatic failure.

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Drnovsek: EU Membership Depends on Brussels

AU3105155095 Ljubljana Radio Slovenia Network in Slovene 1330 GMT 31 May 95

[Report by Nadja Pengov on news conference by Slovene Prime Minister Janez Drnovsek in Ljubljana on 31 May—recorded]

[FBIS Translated Text] [Pengov] In the negotiations on EU associate membership, Slovenia has reached the point when it has done everything it can. We achieved good results and we are now waiting for their formal approval, prime minister said. All the next steps depend on Brussels. The picture about the situation in Slovenia is clear in the European Union:

[Drnovsek] In my judgment this is a strategically very important decision, which I could place in a wider context as a decision between the way forward in Europe or the way back to the Balkans. It has been apparent for quite some time that this constitutional article [banning foreigners from purchasing real estate] was the political symbol in the Slovene Constitution that somehow convinced the entire West—the European Union, the United States, and others—that Slovenia, nevertheless, was not ready to abide by the rules prevailing in the West, in the market economy, in the European Union. We are the only country in the world that sports such a clear constitutional ban.

[Pengov] We have done it now. In this phase, we are willing to harmonize the property legislation with the legislation of other associate members. We will do the rest in the following stages of our strife for a full-fledged membership. How did we protect ourselves? The prime minister said we did this with the new legislation that will give foreigners the right to purchase buildings to engage in business activity and those with permanent residence in Slovenia to acquire real estate. We will reexamine the criteria for the acquisition of permanent residence, he said, and will also raise them if need be.

As for relations with Italy, with the talks that are under way, we are trying to find a way out of the hitherto blockades, and it seems that the current government in Rome is ready for a constructive dialogue. Once a result acceptable for the verification in the parliament is achieved, Dr. Drnovsek said, we will decide on it together, however, this stage has not been reached yet.

Prime Minister Drnovsek also commented on the latest statement by the Croatian president, namely, that the Belgrade regime had been rushing Slovenia out of Yugoslavia even prior to independence, which we allegedly paid back by acknowledging the Serbs' right to live in one state. Drnovsek assessed the statement as an example of a very arbitrary interpretation of the history that is better left to historians to judge rather than politicians. Regardless, Slovenia wants to have the best possible relations with Croatia. Ljubljana's proposal is that the prime ministers of Slovenia and Croatia meet in the middle of next week.

Milan Kucan Denies Forming New Party

95BA0254A Ljubljana REPUBLIKA in Slovene 13 May 95 pp 1-3

[Article by Tanja Staric: "The Ice Between the LDS and the SKD Is Not Upsetting the Voters"]

[FBIS Translated Text] *Milan Kucan is denying the rumors that he intends to appear at the head of a new party in the next elections.*

Ljubljana—The last public opinion poll confirms the indications that Milan Kucan's new party would save the left from defeat in the next elections. Because rumors are being persistently repeated that the state president, whose term otherwise ends in 1997 and who has announced his withdrawal from active politics, will appear at the head of a new political organization in the 1996 elections, we checked those indications again. Milan Kucan confirmed again for REPUBLIKA that he "does not know anything about the establishment of a new party" and that according to his experience, "a serious party with all the infrastructure and apparatus simply cannot be established in one year."

Because it is actually not likely that the state president would change his decision "immediately" and because at this time there does not appear to be a possibility that any other figure would succeed in a political assault in such a short time, it may happen that a "third organization" with a leftist orientation, which would change the makeup of the political scene in the elections, will nevertheless not appear. The results of the public opinion poll remain approximately the same as one month ago; all sorts of government combinations are still possible, but the parties to the left of the center would not get enough votes to put together a government; a right-wing coalition would be theoretically possible, however.

Of course, that alternative also depends upon an agreement among the SDSS [Social Democratic Party of Slovenia], SLS [Slovene People's Party], and the SKD [Slovene Christian Democrats], and among the Jansa-Podobnik-Peterle trio, which obviously will not occur before the elections. The Christian Democrats, because of the competitive struggle on the right, are also almost certainly staying in the government coalition in spite of the latest tensions. The fact that the coalition did not elect Lojze Peterle as chairman of the Committee

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on International Relations and that a few days ago the LDS [Liberal Democratic Party]-SKD government axis "froze relations" is obviously not upsetting the voters too much; the public opinion poll shows that even after that event a convincing majority opposes the SKD's departure from the government. In the near future one should thus not expect major changes on the political scene and in the government coalition, although tensions like those at the celebration of the anniversary of the victory over fascism will certainly increase, as the date of the elections comes closer.

[Box, p 1]

About One-Third of Registered Voters Would Choose Kucan's Party

As part of our regular public opinion poll among randomly selected telephone subscribers (we called 800 of them, of whom 212 were unreachable, and 172 did not suit the sampling guidelines or refused to participate in the poll), we also asked about their attitude toward a possible new, so-called Kucan's party. Thirty percent of our respondents would vote for it in the elections, and in terms of other party preferences, 46.6 percent of the LDS voters, 36 percent of the SKD voters, 19 percent of the SLS voters, 10 percent of the SDSS voters, 50 percent of the ZLSD [United List of Social Democrats] voters, 21.4 percent of the Democrats, 25 percent of the Greens voters, and 36.4 percent of the independents would vote for it in the elections.

Recently a lot has been said in public about the possibility of a new, so-called Kucan's party in the next State Assembly elections. Would you vote for that party if it appeared in the elections?

	Percent
Yes	30
No	39.2
Do not know or do not want to say	23.8
Would not participate in the elections	7

[Box, p 3]

Relations between the LDS and the SKD have been strained again by the failure to elect Lojze Peterle as chairman of the State Assembly's Committee on International Relations. Do you think the Christian Democrats should leave the coalition because of that?

	Percent
Do not know, no opinion	23.8
Yes	29.3
No	46.9

[Box, p 3]

Which party would you vote for if the elections for the State Assembly were on Sunday?

Parties	Jan 95	Feb 95	Mar 95	Apr 95	May 95
	Percent				
DS	1.2	0.3	2.0	4.8	3.4
LDS	24.8	23.6	21.5	17.6	21.2
SLS	8.1	7.2	7.0	6.5	5.1

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Which party would you vote for if the elections for the State Assembly were on Sunday?					
SND	0.3	0.3	0.0	0.2	0.0
SNS	1.2	2.4	3.5	2.6	1.7
SKD	7.5	7.2	5.2	7.2	6.0
SDSS	9.3	8.7	10.5	9.4	7.2
ZSLD	6.6	9.0	7.0	5.5	7.2
ZS	1.8	1.2	1.5	1.4	1.9
Other	2.1	1.8	1.5	0.7	2.4
Do not know	17.6	20.3	22.4	20.0	25.7
Would not vote	19.7	18.2	18.0	24.0	18.3

Ninamedia, 10 May 1995

[Box, p 3]

The departure of the Christian Democrats from the coalition is supported by 80.7 percent of the LDS voters (only 9 percent are opposed), 66.7 percent of the ZLSD voters, and only 48 percent of the SKD voters, 33 percent of the SDSS voters, and 38.3 percent of the independents. This means, on one hand, an extremely negative value judgment of the SKD by leftist voters (especially the LDS voters, which is of course interesting in view of the "centrist fundamentalism" of that party's president), and, on the other hand, unusually weak support by voters in the right-wing opposition parties for the SKD's departure from the coalition, even though the presidents of those parties are at least outwardly trying to do everything possible to break up the grand coalition and prepare the ground for early elections.

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Federal

Jovanovic: Lifting of Sanctions 'Key' to Peace

LD3105133595 Belgrade TANJUG in English 1232 GMT 31 May 95

["Pool" item]

[FBIS Transcribed Text] Bucharest, May 31 (TANJUG)—Yugoslav Foreign Minister Vladislav Jovanovic has told the Romanian newspaper KURIER NACIONAL that the lifting of the sanctions against Yugoslavia was the key to an end to the war in Bosnia-Herzegovina.

Jovanovic said in the interview front-paged by the Romanian newspaper that the United Nations and all international factors had a great responsibility and would have to address the crisis in the former Yugoslavia from a different angle—objectively and impartially.

Asked whether Yugoslavia would want to join the European Union and NATO like the other former Yugoslav republics once relations were normalized, the Yugoslav foreign minister said Yugoslavia 'will continue pursuing its policy of cooperation with all countries of the world, especially European states.'

'The European Union is an important factor and when the issue comes up the possibility of Yugoslavia's integration will be considered,' Jovanovic specified.

He said it was too early to say anything about NATO. 'For the time being, NATO is dropping bombs on Bosnian Serbs,' he underscored.

'Viewed on the whole, we urge lasting security in Europe. We would like for all countries to be included in that system, and not only a select group,' Jovanovic said and set out that it would be good if a security system on the model of the Organization for Cooperation and Security in Europe were to be developed.

Asked to comment the European Parliament's recommendation concerning minorities, the Yugoslav foreign minister said the recommendation should apply to all European countries and not only some.

Jovanovic said countries which took it upon themselves to be arbiters and urged the development of a particular model regarding minorities should first themselves apply those same principles.

Jovanovic Views 'Idea of Recognition' of Bosnia

LD3105185195 Belgrade TANJUG Domestic Service in Serbo-Croatian 1707 GMT 31 May 95

[FBIS Translated Text] Belgrade, 31 May (TANJUG)—Federal Foreign Minister Vladislav Jovanovic told reporters at the Yugoslav Assembly today that the sanctions are coming to an end.

"The sanctions should be lifted because all the conditions have been created. The only thing to be considered now is the opposition from various players who seem to want to achieve other aims through the policy of sanctions against Yugoslavia. When that obstacle is removed, the sanctions should be lifted," Jovanovic said.

Asked whether the lifting of the sanctions will lead to recognition of former Bosnia-Herzegovina, Jovanovic stressed that the sanctions were not introduced over recognition of the former Yugoslav republics, but for other reasons, which is why they should be lifted.

"The idea of recognition has never been a distant one, but we have always linked that issue with certain conditions concerning a political solution to the problems which arose following the secession."

Jovanovic said that "the issue of recognition comes to the forefront whenever we come closer to a political solution" and added that "there are probably some efforts and hence some progress in that direction."

"I think the pendulum has moved toward the political solution. Everyone who plays any role in this crisis will eventually understand that there is only a political, not a military solution," the Yugoslav foreign minister said.

"In this move toward a political solution to the crisis, everyone inevitably comes upon Yugoslavia and its central peacemaking role in the peace process, which is why Belgrade is increasingly becoming the most important factor in the search for a solution to the crisis," Jovanovic said.

Milosevic Tops Poll as 'Most Trusted Politician'

LD3105102495 Belgrade TANJUG in English 1002 GMT 31 May 95

[FBIS Transcribed Text] Belgrade, May 31 (TANJUG)—Serbia's President Slobodan Milosevic is by far the most trusted politician in Yugoslavia, according to a poll conducted by the Mark-Plan centre of Pancevo, near Belgrade.

The random-sampling survey covered 917 anonymous pollees in 23 municipalities in the country.

Milosevic has a convincing lead with the support of 29 percent of the questioned, or nearly three times as many as the next in line, opposition Radical Party of Serbia leader Vojislav Seselj—10.2 percent.

As many as 16.8 percent of the pollees said there was no politician in Yugoslavia they trusted.

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Opposition Democratic Party President Zoran Djindjic was the choice of 8.9 percent of the questioned, and opposition Serbian Renewal Movement leader Vuk Draskovic of 8.2 percent.

Compared with a similar poll in July last year, there have been no major changes in the ratings, since Milosevic was far ahead of others then, too, with an approximately equal percentage.

Belgrade: Sanctions Hindering Regional Economies

LD3005181095 Belgrade TANJUG in English 1609 GMT 30 May 95

[FBIS Transcribed Text] Belgrade, May 30 (TANJUG)—Sanctions against Yugoslavia are limiting the peace process and stopping a democratic and economic transformation of states in the entire southeastern Europe, the Yugoslav government said Tuesday taking a stand on development of good-neighborly relations in the Balkans.

The Yugoslav government said in a statement that it would communicate this stand to U.N. secretary-general Butrus Butrus-Ghali who is to report to the U.N. General Assembly about the development of good-neighborly relations and activities in the domain of setting up a zone of stability, peace and cooperation in the Balkans by the year 2000.

The statement said that despite major economic and political sacrifices, Yugoslavia continued its active pursuit of a peaceful settlement of crisis in the former Yugoslavia. it said the settlement must be sought through negotiations which was a crucial precondition for making headway in positive processes in the Balkans and southeastern Europe.

Yugoslavia has borne out such commitment by fully cooperating with the United Nations, the U.N. Protection Force, the 'Contact Group' for Bosnia and other international factors involved in seeking a solution to the crisis in the former Yugoslavia, the statement said.

It said that Yugoslavia had provided for more than 600,000 refugees from the former Yugoslav republics of Bosnia-Herzegovina and Croatia and placed at the international humanitarian organizations' disposal its infrastructure, resources and significant logistic support to secure a safe transport of relief aid to war zones.

Yugoslaia remains open to all kinds of cooperation with its neighbors and is still engaged in linking and a regional integration on the equal basis, thus contributing to linking the Balkans with other parts of Europe and the world, the statement said.

The Yugoslav government also said that the escalation of the crisis had violently cut off favorable political and economic processes in the region and considerably hampered Yugoslavia's principled policy of good-neighborly relations and cooperation.

The statement said that the Yugoslav government had also proposed to the U.N. General Assembly to set up a special sub-committee for the Balkans within the Economic Commission for Europe that would be aimed at helping a renewal and long-term development of the entire region.

FRY Managers Seek German, Russian Markets

95BA0249D Belgrade POLITIKA in Serbo-Croatian 23 Apr 95 p 9

[Article by A.A.: "How To Penetrate the German and Russian Markets"]

[FBIS Translated Text] Speedier linkage of Yugoslav firms to the Russian and German markets was the topic of yesterday's news conference of the Yugoslav Council for Development of Management and Education. Dr. Milija Zecevic, professor and president of this nongovernmental organization, said that our managers lobbying in the Russian Federation have concluded important deals for Yugoslav enterprises on the Russian market.

Zecevic added that business people from Yugoslavia will take part in the international congress of entrepreneurs in Kishinev in late May, which is yet another confirmation of successful cooperation between businessmen of the FRY [Federal Republic of Yugoslavia] and the Russian Federation. From what he said, the Russian market needs managers from the countries of the European Union and the United States, but he remarked that Yugoslav managers are those who know the conditions on that market the best.

Emphasizing that the Yugoslav lobby of managers in Germany has been hard at work, Bogoljub Bozic, president of that organization's board of directors, said that one of the greatest successes of our businessmen in Germany was the linkup with the Yugoslav lobby in Russia. Bozic said that one of the priorities of that lobby is removal of the embargo on payment of pensions to our workers who had been employed in Germany.

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Serbia

Frasure 'Breaking' Milosevic on B-H Recognition

AU3105190995 Zagreb VJESNIK in Serbo-Croatian 24 May 95 p 11

[Commentary by Ivkica Bacic: "Soft Landing of Serbs"]

[FBIS Translated Text] Pretending to be helpless in stopping the war in southeastern Europe and to be concerned about the authority of the World Organization [UN], whose quasi-neutral peacekeeping has proved a total failure, the West has once again cast all the trump cards to soften Slobodan Milosevic. Unlike the situation two months ago, when some European mediators unsuccessfully tried to "break" the Serbian president, last week the U.S. Contact Group man Frasure "moved into" the villa in Karadjordjevo for the same job. Usually well informed, (mostly foreign) sources claim that he succeeded in "breaking" him—Milosevic will allegedly recognize the international borders of Bosnia-Herzegovina [B-H] but not its government. Subsequently, he will allegedly recognize the Croatian Government but not the Croatian borders.

So, he will do (if!) something that he did not want to do five years ago, when he started the all-Serbian war.

Is Milosevic forced to do it today? He partially is, but it is the least thanks to the so-called international community, especially the West. Because if Croatia and Bosnia-Herzegovina by some chance fell silently, which he was convinced they would, and the West—pretending to be powerless—was ready for that, many of the world's influents would have shrugged their shoulders. One should not fool oneself, and it is no secret that many abroad expected that Milosevic would successfully and quickly subdue Croatia and Bosnia-Herzegovina by military force, in which, in general, one should neither look for anti-Croatian (or anti-Bosniak) conspiracy, nor for a particular international sympathy for Belgrade. One should see only one thing about which Ante Cicin-Sain, our ambassador to London, has spoken about recently—of all the elements of international law—the most efficient is still "the law of power." In other words: Help yourself and others will help you, too.

What awaits Milosevic at home if he nevertheless recognizes the Bosnian borders first and then our government? The ultranationalistic opposition, led by fascist Seselj and quasi-democrats Kostunica and Djindjic, announces a new "happening of the people," on which Milosevic will not be acclaimed as "the unifier of Serbianship," but he will be toppled as "the Serbian traitor." The Serbian Orthodox Church headed by Patriarch Pavle has already started an—not at all secular—offensive. A high clerical delegation visited him twice in one week, politically explaining to him "all the noxiousness" of a possible recognition of Bosnia-Herzegovina.

Allegedly they have not succeeded in "converting" him, but (after the state refused it), the church offered hospitality to some all-Serbian resistence movement from Kosovo, which from Saturday has been in "session" at the Gracanica monastery. There are approximately 150 Serbian intellectuals, under spiritual leadership of Dobrica Cosic, who support "completely" the passenger for The Hague, Karadzic, and who, at the same time, "write" a sequel to the notorious memorandum. They want the summoning of the constitutional assembly of "all the Serbs," they want the state to populate Kosovo with the Serbs, and when asked why Milosevic was not invited, one of Cosic's supporters gave a short answer: "This is a national conference."

Can anything else be heard from the Serbian media, apart from the shouting of the church and the opposition (which the vozd [leader] has no reason to fear)? The most influential state daily POLITIKA is more or less silent, but the roughly equal progovernmental VECERNJE NOVOSTI and nongovernmental NIN have been preparing the public for "tomorrow's betrayal." The soft landing of the Serbs NOVOSTI carry out through "revelation" that first the sanctions will be lifted and then the recognition of the neighboring countries will follow, while NIN encourages the Serbs by "revealing" that Belgrade will be given the right to be the "exclusive" successor of the former SFRY [Socialist Federal Republic of Yugoslavia].

All of this together, like numberless times so far, can be a mere mask—both of the West, who wants to maintain the illusion that it is "doing" something (especially in Bosnia-Herzegovina) and Milosevic, who knows that the West will not "threaten" him by anything else except a new "last chance" if he refuses this one.

If foreign diplomatic sources are to be trusted, he will not refuse it. And why should he—he is allowed to recognize "Bosnia-Herzegovina made up of three parts," and all the sanctions will be lifted apart from the oil embargo; he is allowed to recognize "Croatia made up of two parts" (the West has already started pressing Croatia to confirm the Z-4 plan, which envisions precisely that), and all the sanctions fall, "FRY" "returns" to the world community, and succeeds as heir to everything from the former federacy. That is surely not the maximalistic plan with which he started the war five years ago, but Milosevic is also far from admitting that there will be no Greater Serbia. Greater Serbia is a bit smaller, it is true, but it is perfectly sufficient to keep him unshaken

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in power, despite all the fuss of the opposition and the church about "the national betrayal."

Serb Opposition Leader: UN Troops Not Hostages

LD3105204295 Belgrade SRNA in Serbo-Croatian 1542 GMT 31 May 95

[FBIS Translated Text] Belgrade, 31 May (SRNA)—Vojislav Kostunica, president of the Democratic Party of Serbia [Demokratska Stranka Srbije-DSS], has described the latest NATO attacks on Serb positions as "the impotence of might."

"The latest events demonstrate not only the impotence of the international community in solving the problems in the territory of former Yugoslavia, but also the contradictions inside the Contact Group itself," Kostunica said at a news conference today.

He stressed the DSS standpoint that the peace negotiations have no alternative, but they must not be conducted without representatives of all warring sides.

Speaking about the unification of the western Serb states, Kostunica said that this should have happened earlier and gradually with the cooperation of all Serb states.

Commenting on the Serbs from the [Bosnian] Serb Republic reacting to the air strikes against them by restricting the freedom of movement of "the Blue Helmets," Kostunica described this as "a message by the international community which has been understood by the Serbs who replied with their own message."

"I believe that this was a legal act of self-defense, and that it is not a question of hostage-taking, because only civilians can be hostages, not those who are taking part in a conflict as the UN forces have been doing increasingly by siding with one of the parties to the conflict," Kostunica said.

Recalling his standpoint that the recognition of Bosnia-Herzegovina within its communist borders will not change anything in the field, Kostunica said in conclusion that "business continues as usual, which is why a new visit to Belgrade by the U.S. representative in the contact group has been announced."

Bosnian Serbs Will Not Draw Serbia Into War

AU0106083895 Belgrade RTB Television Network in Serbo-Croatian 1730 GMT 31 May 95

[Report by Ikonija Vostinic on speech by Slobodan Jovanovic, chairman of the Belgrade Committee of the Socialist Party of Serbia, at admission ceremony for new SPS members at Belgrade Zvezdara Municipality on 31 May—recorded]

[FBIS Translated Text] The Socialist Party of Serbia [SPS], a party of modern democratic leftist orientation that does not change its policy and orientations with each different case, has been enhanced by 385 young new members from Belgrade Zvezdara Municipality. By joining the SPS, these young people have decided in favor of the policy of social justice, solidarity, and the equality of people and nations, of the most humane ideas of modern civilization, said Slobodan Jovanovic, chairman of the Belgrade SPS Committee, speaking to prominent social and political figures of Serbia and greeting the new members:

[Jovanovic] Between war and peace, we decided in favor of peace, and from this place we can tell those people who favor war: Please yourselves, wage war to your heart's content, but you will not succeed in drawing Serbia and its citizens into war together with you or in transfering war and war destruction to this country, to this city and its streets, parks, factories and schools. [applause]

There are no meetings, provocations, and verbal pollution of this peace-loving city that could help them do so. These young people want to learn, work, create, stroll carefree along the streets, and love each other, and not to suffer and get killed.

[Vostinic] Peace and support for peace are not and cannot be treason, particularly when there are realistic bases for a just solution to the entire crisis on the territory of the former Yugoslavia, Jovanovic went on to say. The acceptance of the Contact Group peace plan and the policy carried out by Belgrade, which affirms its role as the key factor for peace in these regions, enjoy the support of the entire freedom-loving and peace-loving world. The logic of either-or or everything or nothing does not belong to this time. The ultimatum of either having a state or nothing leads to disaster. Jovanovic pointed out that no verbal acrobatics can help those who favor war shift the blame for events in the former Bosnia-Herzegovina and Croatia onto those who support peace. Realizing national goals presupposes skill and wisdom and not courage at someone else's expense.

[Jovanovic] This Serbia has been creating its state for as long as an entire century and it will allow nobody to bring it into disrepute or play irresponsibly with it. When you have received somebody in good faith, it is not a part of Serbian tradition to bind him to a fence or column like a dog. Moreover, this is an incomprehensible media gift that [Bosnian Serb leader Radovan] Karadzic has given to [Bosnia-Herzegovina

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President Alija] Izetbegovic, just as [Krajina President Milan] Martic did a special media and propaganda favor to Tudjman by shelling Zagreb and other towns.

[Vostinic] The goal of all reasonable people on the Serbian side should be to reestablish the UN's undermined authority, and not to desire to wage war with that world organization and the entire world. In this situation, the SPS does not abandon the peace option as an essential and permanent orientation leading to the lifting of sanctions because, as Jovanovic stressed, there is an increasing number of countries that are openly and officially raising the issue of lifting sanctions. Protecting the interests of the citizens of Serbia, Serbia and Yugoslavia are becoming the most significant factor for peace and stability in the region, Slobodan Jovanovic, chairman of the SPS City Committee, concluded his greeting to the young new members of the SPS.

Commentary: Milosevic Recognition of B-H Probable

AU3105193695 Belgrade NIN in Serbo-Croatian 26 May 95 pp 10-11

[Commentary by Dragan Bujosevic: "The Serbian Rubicon"]

[FBIS Translated Text] THE NEW YORK TIMES informed its readers on 23 May that the talks between Robert Frasure, the U.S. representative in the Contact Group, and Serbian President Slobodan Milosevic did not produce the expected and desired results.

At the other end of the United States, in Los Angeles, the local TIMES wrote that the negotiations were successful, since Milosevic would recognize Bosnia-Herzegovina [B-H].

On the same day in Belgrade, many well-informed people were surprised when they heard that Frasure left Belgrade "on the first plane" on that very morning.

The part of the talks held between Milosevic and Frasure "in nature" outside Belgrade was veiled by almost "perfect silence." All NIN sources agree, however, on one detail: Milosevic intends to recognize the existence of Bosnia-Herzegovina—the only question is the price, how much and what he will get for it.

As NIN already wrote, Milosevic was offered a 200-day temporary suspension of the sanctions on trade, transit, and finances (the embargo on oil and foreign credits would remain) if he recognizes Bosnia-Herzegovina within its present borders. According to some sources, it was later established that finances and the right of the present Yugoslavia to be the legal successor of the "previous one" were controversial, too. A solution in the latter case is sought in the replacement of the term "succession" by the term "continuity." Behind these words there is Milosevic's intention that this Yugoslavia be recognized as a quite normal state; that it has its place in the United Nations and an access to foreign banks. Sources close to the U.S. Embassy in Belgrade claim that the Serbian president also wants guarantees that Croatian President Franjo Tudjman would agree to the Z-4 plan, which gives Knin a broad autonomy and places eastern Slavonia and Baranja under international supervision [nadzor].

It is obvious that Milosevic thinks his position is good, that he can get a lot, but it should not be forgotten that a similar mood is part of his nature. Apart from that, it must also not be forgotten that this kind of self-confidence and this long attendance of lessons in foreign policy have been paid with a horrible price so far.

That Milosevic's position is excellent was also believed by Radovan Karadzic, who—as it is claimed by a NIN source—was informed during recent talks that the people engaged in foreign policy would be "Milosevic, Bulatovic, Lilic, and Mladic." That is why Karadzic hastily sent a message to the UN Security Council reading: "We are ready to treat the Contact Group plan as the basis for a continuation of the peace process." Official Washington and Belgrade reacted in the same way, the first one publicly, the latter through TANJUG. TANJUG "withdrew" the first piece of news it published about Karadzic's treatment of the plan in order to repeat it with an additional text in which it was stated that "it was well known that the international community and official Belgrade do not require from the Pale leadership to treat but to accept the Contact Group plan as the starting point for peace negotiations." TANJUG also informed Pale that it should "abandon linguistic tricks and rope dancing." The conclusion: Karadzic is still in the out, and Milosevic will try not to change anything in this respect.

Milosevic can convince himself that his negotiating position is good through the urgent arrival of Alexander Zotov in Belgrade, the Russian representative in the Contact Group, and through the new warnings issued by Alain Juppe, the French prime minister, that he will withdraw his "Blue Helmets" from Bosnia if Belgrade does not recognize it. It is believed that Zotov is coming in order to guarantee Milosevic that the sanctions, once suspended, will not be reimposed, whereas Juppe's warning is rather interpreted as the message for Alija Izetbegovic that he should be more indulgent too. The United States admitted that Izetbegovic was informed about the course of the talks between Milosevic and Frasure and that he opposed the idea of giving Belgrade too much at this moment. One of the people Alija Izetbegovic talked to in Belgrade claims that this matter

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will perhaps be discussed directly between Izetbegovic and Milosevic, since Izetbegovic allegedly told him that he had a telephone conversation with Sloba.

If he gets favorable guarantees from Zotov, Milosevic will not be worried by "the time variance" between his recognition of Bosnia—"now for ever"—and the suspension of the sanctions in the duration of only two months.

Milosevic's reasons for being confident that "everything goes as planned" and that the time has come to cross that Rubicon—that Bosnia should be recognized within its existing borders—should be discussed.

The Serbian president certainly thinks that the United States wants to get rid of Bosnia as soon as possible, in any case before the end of this year, in order not to enter the election campaign with this burden. They are showing this interest through Frasure's seven-day visit to Belgrade and its surroundings and the talks that were completely different from the earlier "take it or leave it" proposals.

According to NIN's sources, one of the important details is certainly the fact that nobody, not even the United States and Germany, links the lifting of the sanctions to the situation in Kosovo. "Even if someone like Christopher mentions this, it does not mean much, because there are no such formulations in official materials," a NIN source claims.

Another source claims that some countries have promised that Kosovo will not be an object of "trade" and that the West is even exerting pressure on Berisha (the Albanian president) to force Rugova to drastically reduce his own radicalism. Only "the degree of autonomy can be discussed."

Milosevic can now also make use of the consequences of the Croatian Army action in western Slavonia, in which, according to the latest information, around 1,200 Serbs were brutally killed. Even Klaus Kinkel, the German foreign minister, let Belgrade know through Vuk Draskovic that "Tudjman had seriously stepped on the red line." In his talks with Frasure, Milosevic already tried to make use of that fact, but it seems that Tudjman has not completely exhausted his credit yet, because the removal of the embargo on oil and the possibility to obtain foreign credits are still conditioned by the recognition of Croatia. Both official Belgrade and the opposition there will certainly claim that the sanctions were not imposed because of Croatia but because of Bosnia, so that they should not be brought into connection with Croatia. In any case, Milosevic is postponing to define his attitude toward Croatia, including eastern Slavonia and Baranja, which are very interesting for him.

If he recognizes Bosnia, Milosevic could earn a billion dollars by September—owing to the removal of the blockade on trade and transit (which is at the same time also a possibility to evade the oil embargo). Everybody will get something in that case through various forms of trade: Citizens of Yugoslavia, as well as the citizens of the Serbian Republic and Krajina.

How could the recognition of Bosnia harm Milosevic?

The first and most important damage could be the creation of the conviction that Milosevic is "the owner of the defeat," "a player who has to take off his rings and the watch from his wrist now" in order to pay for the loss. People who followed Milosevic and agreed to "live like dogs" for the purpose "of higher ideas" will now accuse him of being a thief or a destroyer of their beliefs and illusions. Their nausea could turn into their "no" for Milosevic in the next election. According to some assessments, this mood could be typical of the people who have come from the left Drina River bank and constitute 2 million voters in Serbia.

The "irresistible charm of peace," however, the fact that nothing is easier than to promote peace, the big desire of the people to begin to live more normally after years of chaos and depression, can easily defeat the rumble of angry voters. "The horrifying quantity of power (army, police, capital, media) in Milosevic's hands" will certainly make its contribution too.

Milosevic does not have to worry much about the local opposition, however, for the simple reason that his strategic alliance with the Serbian Renewal Movement has already been agreed upon. According to all estimations the socialists will again have to look for a coalition partner, and this will be neither JUL [Yugoslav United Left] nor Nova Demokratija [New Democracy], because they will not have enough votes by that time. Vuk Draskovic, however, will undoubtedly succeed in collecting enough votes to support a new socialist government, for which he will certainly require a good price (like Milosevic requires now for the recognition of Bosnia).

Milosevic—who has always known to use not only the real results of his own politics but to live on his credit with the people who praise "his personality and his work"—will certainly try to convince everybody that the recognition of Bosnia is only a continuation, the most logical one, of the famous sentence he uttered in Kosovo Polje [not further specified].

That is why the presentation of the talks between Frasure and Milosevic is different in Yugoslav and

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foreign media. In Yugoslav media, which are controlled by the ruling party, the talks were hardly reported on, and their contents were presented as follows: "The profound exchange of opinions about the most important aspects of the political situation in the region as well as about the efforts for the creation of conditions that should be made in order to be able to successfully continue the peace process and the search for a political solution to the crisis in the former Yugoslavia has been continued." Neither Bosnia nor its recognition have been mentioned. If nothing else, this is a sign that Milosevic is very cautious about offending his present voters too quickly.

[Box, p 10]

Milosevic in Parliament?

Radoman Bozovic immediately accepted the proposal made by the Serbian Renewal Movement to place the talks led so far with the Contact Group representatives and the Yugoslav foreign policy on the agenda for the session of the Federal Assembly on 29 May 1995.

This "miracle" can be expanded by an even larger one: It can unofficially be heard that the session of both chambers behind closed doors will probably be attended by Slobodan Milosevic, Momir Bulatovic, and Zoran Lilic.

Does this speak in favor of the fact that the recognition of Bosnia is approaching?

[Box, p 11]

Recognition of Bosnia

Western press writes that Milosevic will probably in these days recognize Bosnia-Herzegovina within its former borders if the against Yugoslavia sanctions are lifted. Do you think that this would be in the interest of all Serbs from both sides of the Drina River, or would the Bosnian Serbs in this way be left uncared for?

In the interest of all Serbs: 24.5 percent

I do not know: 26 percent

Bosnian Serbs left uncared for: 49.5 percent.

Shell Company Said Planning Operations in Serbia

95BA0224C Belgrade BORBA in Serbo-Croatian 7 Apr 95 p 6

[Unattributed article: "Shell Is Offering More"]

[FBIS Translated Text] Belgrade—Dr. Mihajlo Milojevic, president of the Yugoslav Chamber of Commerce, spoke yesterday with V.R. Cardwell and B. Jenkins, directors of the British company Shell, who said that Serbia is an important market for Great Britain. Cardwell, the company's development director, said that Shell is a petroleum giant interested, as soon as the sanctions are removed, in opening up a company in Belgrade, which is now "asleep" because the blockade (three years ago) halted the last phase in the firm's registration. President Milojevic informed the business associates in detail about economic conditions in Yugoslavia, saying that its key segments are active, and also that numerous interesting investment projects that will require foreign capital have also been prepared. He pointed out that the Yugoslav market is open, that there is a great interest in that market in the outside world, and he called upon British companies to become involved in this competition of a sort.

In a brief statement for TANJUG and TV Serbia, Cardwell answered the question of what more Shell was offering than its competitors by saying that the company is interested in a permanent presence in this part of Europe. By becoming involved in our economic flows, Shell, as he sees it, would contribute to higher employment and development not only in the petroleum complex, but also in other sectors of the economy that have an export potential.

Serbian Car Engines Used in Ukraine

95BA0244A Ljubljana DNEVNIK in Slovene 28 Apr 95 p 32

[Article by Boris Lenic: "Serbian Engines for the Ukrainians"]

[FBIS Translated Text] *It can be seen clearly at the Ljubljana automobile fair how the economic embargo against the Federal Republic of Yugoslavia [FRY] is going; Serbia is not even hiding the new contracts with the ZAZ [expansion not given] factory for the sale of 50,000 Zastava engines.*

Ljubljana, 26 Apr—How serious the economic measures against the self-styled FRY are can be seen these days at the Economic Exhibition in Ljubljana. In automobile hall 19, a Tavria on display has tires clearly labeled "Tigar."

There is thus no doubt that the Ukrainian ZAZ factory (Zaporozhe) is buying tires from the factory in Pirot. Some Tavrias are also driven by a Yugoslav or Serbian engine (but not in the "Slovene" models, which have a larger 1.1-liter engine), and the transmission may also be from the same source. At the last Belgrade automobile fair (visitors say that because of the embargo it was more like a human festival at which a few cars could also be seen among the sausages) one could clearly hear

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that last year the 21 May engine factory in Rakovica and Zastava sent the Ukrainian ZAZ factory 6,000 engines and 1,200 transmission gears.

Recently they also signed a contract worth $46 million. Serbia intends to send Ukraine 50,000 engines (the well-known 903-cubic centimeter engine, as in the Yugo 45) and 26,000 transmission gears. Even the most naive people do not believe that this is merely a deal between those factories, but instead think that it is an agreement between two state policies. At the beginning of the UN economic sanctions against the FRY, Zastav's preembargo partner Fiat prohibited exports of those engines and other parts. The new contract is no secret at all in Serbia, but is justified as a "long-term" one and the fact that the engines and transmission gears will start to be sent to Ukraine after the international community lifts the "unjust" sanctions.

That these are serious ties that they are not even ashamed of was also proven by the label on that little car on display at the Belgrade fair: Tavria 0.9 YU. One can also find other embargo flowers, like the following one, for example: The Progres enterprise publicly describes itself as a new representative and seller of Hyundais. Those in the know, however, say that Progres's director is Mirko Marjanovic, the Serbian prime minister.

Montenegro

Djukanovic: Economic Crisis Due to Sanctions

LD3005100995 Belgrade TANJUG in English 0939 GMT 30 May 95

["Ecopool" item]

[FBIS Transcribed Text] Podgorica, May 29 (TANJUG)—Montenegro Prime Minister Milo Djukanovic told TANJUG Monday that his republic had gone through the severest ever economic and political trials in the past three years of the international sanctions against Yugoslavia.

'The forcibly severed trade and financial ties undermined the economic base of development and the material and spiritual integrity of all citizens of Montenegro. And, the overall economic impoverishment and social stratification created room for the activity of political forces of nationalism and separatism,' Djukanovic said.

He set out that the sanctions had indirectly slowed down processes of political democratization and transition of society as a whole.

'Viewed in the long term, I, personally, am concerned the most over the sociological aspect of the sanctions, because they have already become a "determinant" of an entire generation, a way of life, economic adjustment and political thinking,' Djukanovic said.

He said 'the Montenegro economy's direct losses due to the sanctions are estimated at 5.6 billion dollars, of which, viewed in the long term, the situation is the hardest in the formerly most competitive export sectors of the republic's economy—shipping, tourism and the non-ferrous industry.'

Djukanovic said that due to reduce or suspended production, more than 20,000 workers were on compulsory holidays in Montenegro.

'It is high time that, apart of verbally acknowledging Yugoslavia's peace policy, the international community offer concrete evidence of support in the form of a comprehensive suspension or lifting of the U.N. Security Council sanctions,' the Montenegro prime minister stated.

'The lifting of the sanctions is a condition of economic rehabilitation and a full affirmation of a policy of peace, national and religious tolerance in Montenegro, Djukanovic underscored.

Closer Links to FRY Tirana Embassy Demanded

LD3105213295 Belgrade TANJUG Domestic Service in Serbo-Croatian 1658 GMT 31 May 95

[FBIS Translated Text] Podgorica, 31 May (TANJUG)—Zoran Zizic, deputy prime minister of Montenegro, today received Stanimir Vukicevic, the new charge d'affaires of the Yugoslav Embassy in Albania, prior to his departure for Tirana.

A statement said that in their talks consideration was given to the scope for cooperation between Montenegro, or rather Yugoslavia, and Albania on issues of mutual interest relating to border traffic.

Special attention was devoted to concern for the position of our minority in the Republic of Albania and the measures which should be taken to ensure that it has freedoms and rights in keeping with international standards, the statement says. The statement adds that it is vital that cooperation on this and other questions be intensified and that more frequent communication between Montenegrin government departments and our embassy in Tirana be established.

Effects of Sanctions on Republic's Economy

AU2905153395 Belgrade BORBA in Serbo-Croatian 24 May 95 p 13

[Article by Lj. Mudresa: "Shipbuilders Have No Work"]

[FBIS Translated Text] International sanctions and blockades have inflicted heavy damage on the Montenegrin economy. Speaking about their consequences last year, Prime Minister Milo Djukanovic said that

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total loss amounts to over $3.5 billion. Now however, as we are approaching the third anniversary of the sanctions (30 May), the total loss is much bigger.

Companies like, for example, the "Zeljezara" [ironworks] from Niksic, the "Javorak" bauxite mine, "Radoje Dakic" from Podogorica, the Aluminum Combine, "Elastik," "19 December," "Obod" from Cetinje, "Kosuta," and many others have minimum production or have terminated it! However, two seafaring companies are in a worse position—"Prekomorska Plovidba" from Bar, "Jugooceanija" from Kotor, together with the port in Bar and the shipyard in Bijela.

The president of the Chamber of Commerce of the Republic of Montenegro, Vojin Djukanovic, says that the consequences are catastrophic and that the Montenegrin economy has practically been brought on its knees! The sanctions against the Federal Republic of Yugoslavia are a genocide like the world has not seen before. According to Djukanovic, everything that remains within the limits of human dignity should be done for them to be lifted.

Ships Had To Be Sold

Before the sanctions were introduced, the two seafaring companies "Prekookeanska" and "Jugooceanija," had 41 ships. The ships brought in an income of over $120 million each year. As the sea blockade came into force, the ships were forcefully harbored in different ports and seas of the world and, instead of the inflow of foreign currencies for Montenegro, they "produce" ever bigger losses. Since the sanctions were introduced, the Montenegrian shipbuilders have sold eight ships, of 156,420 metric tons total volume, for $34 million, and "Prekookeanska Plovidba" has sold two ships, of 27,187 metric tons volume, for $3 million!

Montenegro now has 33 ships, of altogether 841,814 metric tons and an average age over 16 years. The total loss that the seafaring economy has suffered so far amounts to over $300 million. However, because of high maintenance costs, the fleet is threatened with complete ruin.

The Federal Government and the Government of the Republic of Montenegro, as well as the National Bank of Yugoslavia, are taking pains to save the remaining fleet. Until now, considerable means have been given out—$45 million—but that is not enough for the outstanding debts to be paid and for the ships to be saved.

The Bauxite Mine Closed

Analyzing the overall state in the seafaring economy, the director of the shipyard in Bijela, Vaso Ilic, says that "if the seafaring economy of Montenegro survives until the end of this year, it will be a true miracle." Speaking at the recent meeting of the assembly of the Chamber of Commerce of the republic, he said that the workers at his shipyard have no work to do.

In three years, the ironworks at Niksic—the largest employer in Montenegro (4,500 employees)—have lost, among others, around 350,000 metric tons of steel. According to Vojislav Djukanovic (who is also the general director of the ironworks), this company now works at only 30 to 40 percent of capacity.

The bauxite mine is in an even worse position; its workers have not mined a single metric ton of bauxite in two years!

Before the sanctions, they produced 900,000 metric tons of bauxite a year for the domestic and foreign markets. The bad state of the economy of Niksic has seriously contributed to the lack of work for the ironworks and for road haulage. A large number of workers have been on unpaid leave for months.

The sanctions also stopped the work of "Monteks" from Niksic, which was once the leading foreign trade company in the country. "Industrijaimport" from Podgorica has suffered the same fate, just like the textile and hide industry.

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